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New York Power Authority

William J. Cahill, Jr.
Chief Nuclear Officer

April 26, 1995
IPN-95-053
JPN-95-023

U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, DC 20555

Subject: Indian Point 3 Nuclear Power Plant
Docket No. 50-286
James A. FitzPatrick Nuclear Power Plant
Docket No. 50-333
Annual Financial Report

Dear Sir:

Enclosed are ten copies of the Authority's Annual Report for 1994. This report is being forwarded as required by 10 CFR 50.71(b).

If you have any questions, please contact Ms. C. D. Faison.

Very truly yours,

William J. Cahill, Jr.
Chief Nuclear Officer

Enclosures
cc: see next page

m004 1/10

cc: Regional Administrator
U.S. Nuclear Regulatory Commission
475 Allendale Road
King of Prussia, PA 19406

Resident Inspector's Office
Indian Point 3
U.S. Nuclear Regulatory Commission
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Buchanan, NY 10511

Office of the Resident Inspector
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New York Power Authority

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New York Power Authority

Continuing a Tradition of Providing Low-Cost Electricity in Harmony with Nature

Annual Report **1994**

ABOUT THE *power authority*

The New York Power Authority is the nation's largest nonfederal public power organization. Providing a quarter of New York's electricity, the Power Authority operates 12 generating facilities and more than 1,400 circuit-miles of transmission lines. It sells power to private utilities for resale, without profit, to their customers; to government agencies; to community-owned electric systems; to job-producing companies; and to neighboring states, under federal requirements.

A nonprofit, public-benefit energy corporation, the Power Authority does not use tax revenues or state credit. It finances construction of its projects through bond sales to private investors and repays the bondholders with proceeds from operations.

chairman's MESSAGE

Thomas G. Young
Chairman

In the not-too-distant past, the New York Power Authority was primarily an upstate power supplier. Then it expanded its scope, drawing on a variety of energy sources to serve customers statewide. And now, at a time of rapid change in the electric utility industry, it is augmenting that role by assuming the mantle of a full-service energy company, providing a broad array of programs to help consumers use energy more efficiently and reduce their bills.

In addition to operating its generation and transmission facilities to the industry's highest standards, the Power Authority's top priorities are to reduce the cost of government and assist in retaining and creating private-sector jobs.

We are committed to assisting state and local government by supplying low-cost power, electrotechnology programs and energy efficiency services. We are seeking to buttress the competitiveness of New York State businesses by cutting their energy costs and supporting measures to stimulate economic growth and employment. And we are helping to create a clean and sustainable energy future by promoting the development of electric transportation and economical renewable energy sources.

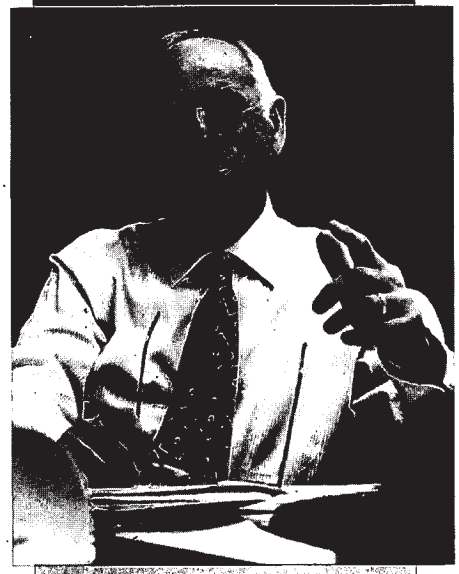
To achieve these goals, we must forge and maintain strong relationships with our customers. We are working with them more closely than ever to build partnerships that will enable us to identify and meet their individual needs.

This, in essence, embodies our mission. In carrying out these principles, we will muster all of our resources to ensure that the Power Authority continues to be a positive force for government, business and all New Yorkers.

Thomas G. Young
Chairman

PRESIDENT'S

message



S. David Freeman
President and Chief Executive Officer

The birth of the New York Power Authority in the 1930s as part of the public power movement is a familiar story. What is mostly forgotten is that an even earlier 20th-century crusade, aimed at guarding the purity of America's rivers and the integrity of its land and forests, also left its imprint on the Power Authority. And its influence is still strong.

The environmental conservation movement, whose champions included Theodore Roosevelt as Governor of New York and later as President, found common cause with public power supporters on the waterpower issue.

The 1920 federal Water Power Act, which strengthened regulation of hydroelectric sites, was a conservation legacy. So was a multipurpose approach to development, adopted by the Tennessee Valley Authority, which combined power generation with measures for flood control, irrigation, reforestation and regional planning. Years later, the Power Authority's St. Lawrence-FDR project followed a similar track, with its tie-in to the St. Lawrence Seaway, its water-management features and its precedent-setting conservation and recreational facilities.

Construction of St. Lawrence-FDR and a still larger hydroelectric project on the Niagara River demonstrated the Power Authority's vast potential to provide low-cost electricity to spur job growth while preserving and enhancing the environment. NYPA is drawing on its conservation, renewable-energy roots as we try to lead the transition to an environmentally compatible, more electrified and more efficient society. That will be our foremost task in the years ahead if we are to be true to our heritage and justify our continued existence in the 21st century.

The Power Authority has a significant and growing role in realizing a future that recognizes that electricity must be cleaner and used efficiently. Thus we are in an era in which expanding the role of superefficient lighting and other appliances; electrotechnologies; clean, renewable energy from the sun and wind; and nonpolluting electric cars, buses and trains provides a challenge as large and important as was the construction of Niagara and St. Lawrence.

Our nationally recognized High Efficiency Lighting Program (HELP) for public schools and government entities is the centerpiece of our energy conservation effort. Our commitment to these programs has reached $300 million. During 1994 we doubled HELP funding for schools and extended the program to county and municipal governments across the state. The money, with interest, is being repaid, but the savings to consumers will go on for many years beyond the repayment period.

The Power Authority is already New York's largest supplier of renewable energy. Our St. Lawrence-FDR and Niagara projects are huge building blocks for a sustainable energy future as the wind, sun and biomass become economical renewable sources.

Providing the initial support to move electric vehicles from the demonstration stage to widespread use could be the greatest contribution by electric utilities to the public interest in many years. In combination with a cleaner power supply from renewables and natural gas, electric cars provide the only real solution to air pollution and global warming. And they also provide the only real way to reduce oil imports, which are a big threat to our economy.

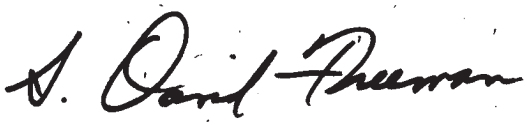
The Power Authority has moved to the forefront in this effort. We are working to jump start the new industry by purchasing EVs, assisting research and development, and planning to provide the electricity and infrastructure to recharge batteries.

Being cost-effective lays a foundation for innovation. Toward that end, the Power Authority in 1994 carried out the most extensive restructuring in its history, cutting its budget and reorganizing its staff to operate more efficiently in the increasingly competitive electric industry.

In New York, competition has intensified as a result of a capacity surplus stemming from flat demand and the entry into the market of nonutility producers. This is squeezing electricity prices at the wholesale level, where NYPA sells its electricity.

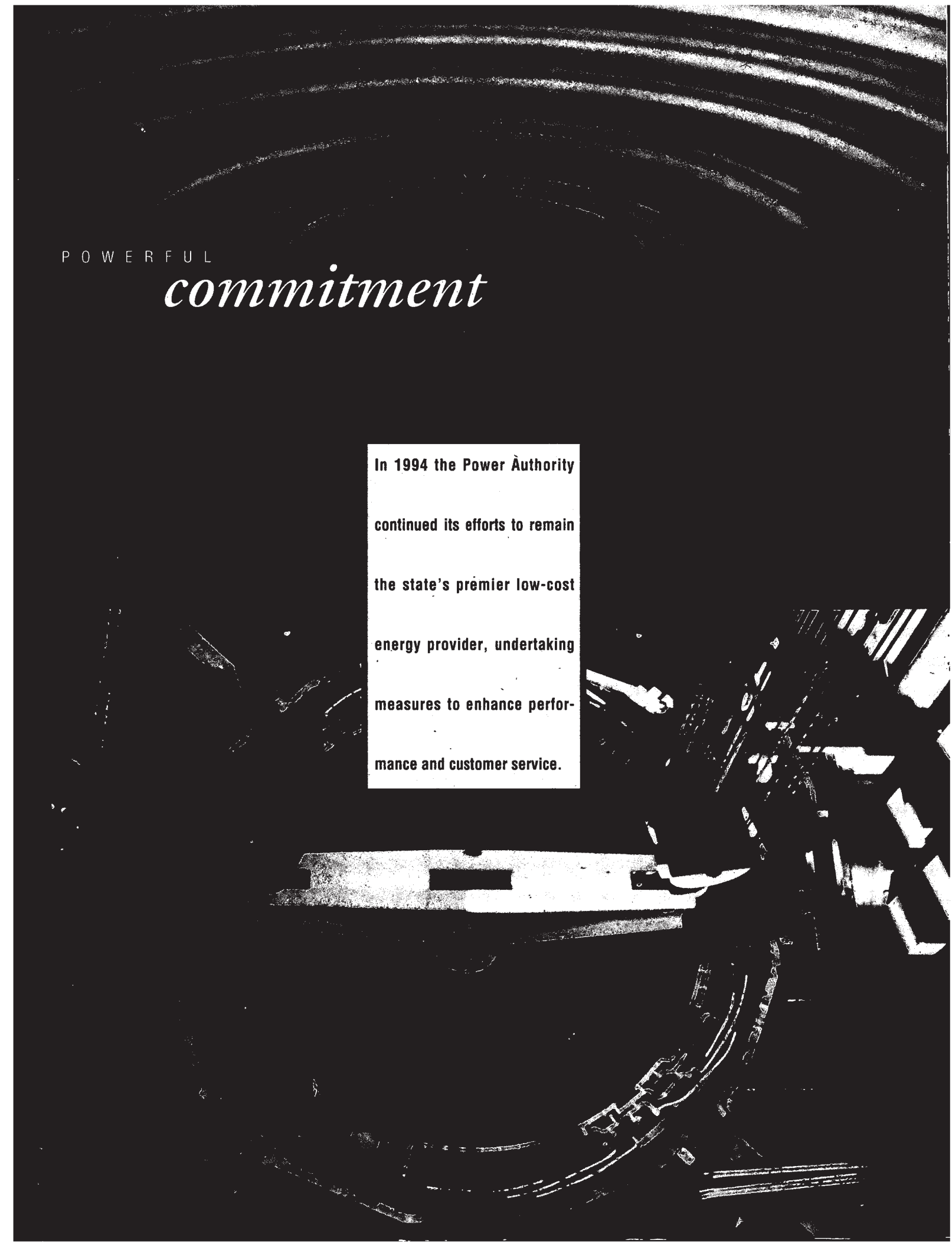
For most retail customers, a truly competitive market is a distant dream that is being discussed. We are actively making it happen for the people we serve. And we stand ready to cooperate with any initiatives that have been suggested to achieve more competition.

While looking to the future and seeking to shape it, the Power Authority remains mindful of its traditions. We derive our commitment to serve from our public power roots, our respect for the environment from our conservation heritage, and our strength from our talented work force. As we rededicate ourselves to our mission, we are poised to meet emerging public needs in a new era of service to New Yorkers.



S. David Freeman
President and Chief Executive Officer

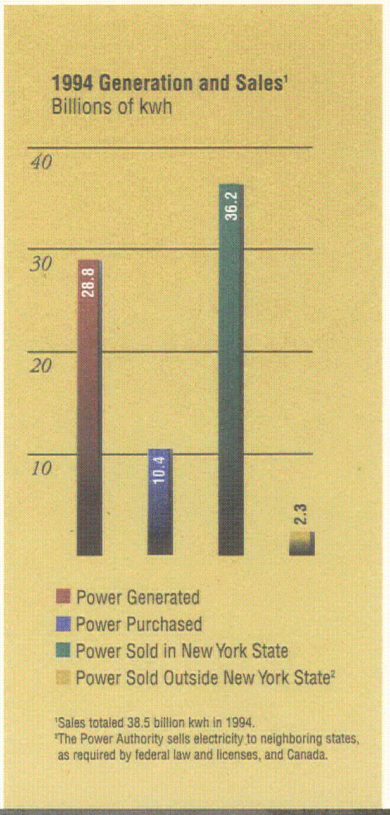
"NYPA is drawing on its conservation, renewable-energy roots as we try to lead the transition to an environmentally compatible, more electrified and more efficient society. That will be our foremost task in the years ahead...."



POWERFUL

commitment

In 1994 the Power Authority continued its efforts to remain the state's premier low-cost energy provider, undertaking measures to enhance performance and customer service.



The Power Authority's unbending commitment to its public power and environmental traditions unites its past, present and future. From the Authority's inception, its goal has been to provide lower-priced electricity for New Yorkers and to do so in harmony with nature.

The construction of the St. Lawrence-FDR and Niagara hydroelectric projects in the late 1950s and early 1960s established a strong foundation. Supplying abundant, low-cost and environmentally positive power, the two great river projects provide a competitive "yardstick" for electricity price and service, as envisioned by Governor Franklin D. Roosevelt when he created the Power Authority 64 years ago.

In response to changing public needs, today's Power Authority is striving to establish new yardsticks by showing that a sustainable energy future based on efficiency, renewable resources and electric transportation is also economically viable.

These economic and environmental objectives, reflected in the Power Authority's 1994 activities, provide the framework for this annual report.

New and Improved

The Power Authority completed a major reorganization in 1994 to strengthen its management, cut costs and meet the demands of a new competitive era.

Employee teams, working with senior managers and union leaders, conducted a 90-day evaluation of NYPA's operations. This assessment led to a restructuring into five business units: Power Generation, Transmission, Marketing and Economic Development, Energy Efficiency and Technology, and Business Services. These units will help to better focus management responsibility and accountability.

Power Authority electricity meets a quarter of New York's needs and reaches all corners of the state.

Opposite: *Waterpower has played a major role throughout the Power Authority's history. Bottom photo, a generator at the Blenheim-Gilboa Pumped Storage Power Project in Schoharie County.*

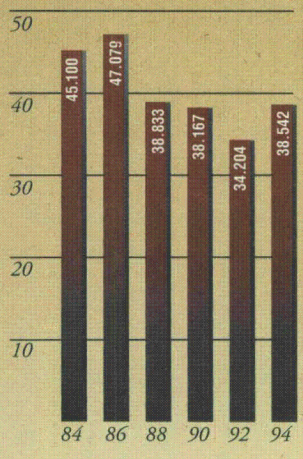
The Power Authority's HELP is putting the spotlight on energy efficiency and savings in public facilities statewide, including this ice rink in Rye.

The year also saw a number of changes in senior management. Thomas G. Young, former mayor of Syracuse, was elected chairman, and S. David Freeman, who had headed the Tennessee Valley Authority and other large public power agencies, was named president and chief executive officer. Other new executives included William J. Cahill, Jr., chief nuclear officer; Louise M. Morman, senior vice president marketing and economic development; and Deborah Perry Estrin, vice president human resources.

Operations in 1994 resulted in positive net revenues of $5.4 million. The 90-day review identified potential savings of $70 million in operating costs in 1995 and 1996, representing a cut of nearly 15 percent from the 1994 budget of $487 million. The Power Authority implemented a plan to realize $56 million of the savings in 1995, in part through elimination of more than 200 staff positions, and the balance in 1996. In addition to the staff cuts, the savings will be achieved through contractor reductions, elimination or consolidation of some functions and various other efficiency measures.

Including a cutback in 1993, the Power Authority by 1996 will have reduced its operating budget by $110 million, or more than 20 percent. It has eliminated more than 400 full-time positions, or about 11 percent of the previous total.

Energy Sales
Billions of kwh



A Major Supplier

The Power Authority met one-quarter of New York State's electricity needs in 1994. All told, the Authority sold 38.5 billion kilowatt-hours (kwh), with 28.8 billion kwh generated at its plants and the remainder purchased from other sources.

Hydropower generation of 21.3 billion kwh accounted for 74 percent of the Power Authority's output; nuclear power, 5 billion kwh, or 17 percent; and natural gas and oil, 2.6 billion kwh, or 9 percent.

The Power Authority works closely with economic development officials to identify the best uses of its electricity as part of a strategy to promote jobs and investment in New York State.

On the Job Statewide

The Power Authority's low-cost electricity continued to help attract or retain jobs in 1994, with new power allocations tied to commitments by businesses to create or protect about 19,000 jobs throughout New York State. Companies are awarded the electricity in exchange for pledges to create or preserve a specified number of positions. A total of 50 companies received almost 100,000 kilowatts (kw) during the year.

Twenty-six firms received 56,495 kw of hydropower, helping to create or safeguard nearly 9,700 jobs. Nineteen companies obtained 36,550 kw of nuclear power, linked to 8,800 positions.

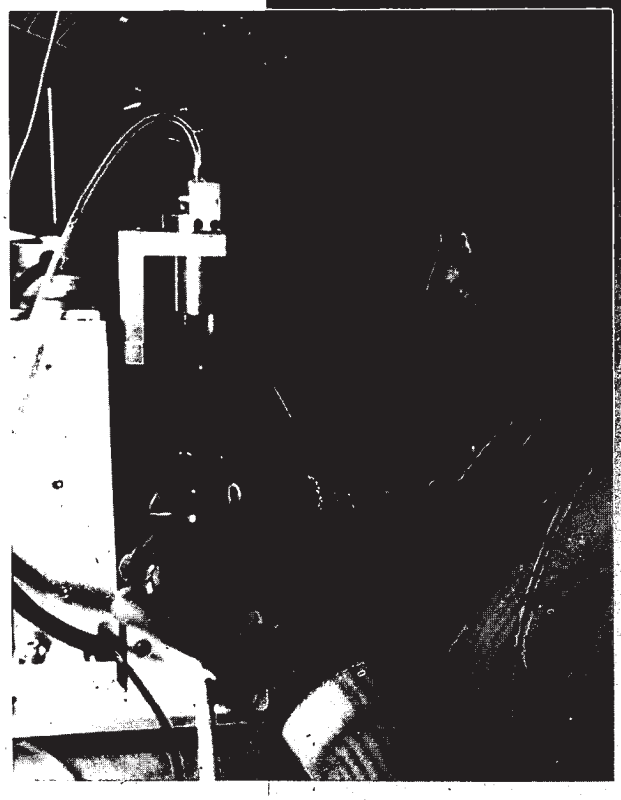
Through its economic development program for municipal and rural cooperative electric systems, the Power Authority allocated a total of 4,200 kw of hydro and nuclear power to five firms, which will result in the creation of 450 jobs.

The Authority continued to work closely with economic development officials on state, regional and local levels to identify the most beneficial opportunities for use of its electricity as part of a coordinated strategy to promote jobs and investment in New York.

Overall, Power Authority electricity was helping to support more than 170,000 jobs by the end of 1994.

Rate Dispute Settled

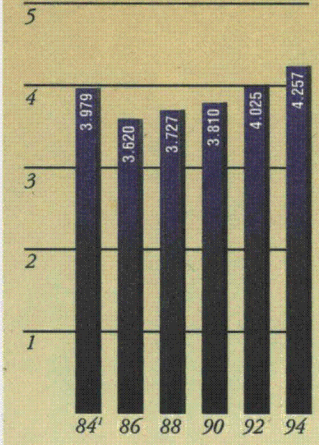
In May NYPA and its customers resolved a long-standing dispute over a phased rate increase for replacement power, 445,000 kw of Niagara project electricity set aside by federal law for Western New York firms. At 2.9 cents per kwh, including delivery, the new rate when fully implemented will still be among the nation's lowest for industrial power. Under a compromise, the Authority agreed to delay the full phase-in from 1997 to 2006. In return, all replacement power recipients will maintain specified employment levels, marking the first time that the entire block of power has been tied to formal job commitments. Customers also will undergo Power Authority-financed energy audits and possible conservation upgrades.



Businesses across New York depend on the Power Authority's low-cost electricity to help them compete. Authority power helps keep more than 170,000 workers on the job at companies such as Leica Inc. in Depew, near Buffalo.

Upgraded turbine-generators at the Power Authority's Niagara Power Project, 4½ miles downstream from Niagara Falls, will boost hydropower production when consumers need it most.

Energy Sales to New York State Municipal Systems and Rural Electric Cooperatives
Billions of kwh



[1]Includes out-of-state sales to Allegheny Cooperative of .539 billion kwh.

More of a Good Thing

To increase Niagara's output at times of greatest consumer need, the Power Authority is upgrading the turbine-generators at the project's main generating facility, the Robert Moses Niagara Power Plant. The improvements, to be implemented through 2005 at a total cost of $312 million, will boost generating capacity in peak use periods and extend the plant's operating life.

Workers continued the upgrade in 1994, refurbishing the second of 13 turbine-generators. Work on the third unit is scheduled to start in 1995, with the rest to be overhauled at a rate of one per year. Starting with the completion of the first unit in 1993, the upgrade is estimated to save consumers about $300 million over the first 30 years of operation through greater efficiency.

The Authority's trustees in May postponed indefinitely a planned upgrade of Niagara's other facility, the Lewiston Pump-Generating Plant, because of the state's capacity surplus. Projections showed that the additional generating capacity will not be needed until 2009.

Québec Contract Dropped

Also owing to New York's power surplus, the declining cost of electricity on the state's wholesale market and unresolved environmental questions, the Authority's trustees in March approved termination of a pending 20-year contract to buy 800,000 kw of Hydro-Québec power. The price was much higher than market prices.

Land Return Moves Forward

Power Authority efforts to make surplus property at the St. Lawrence-FDR project available for private development and for recreation moved ahead in 1994. In April an Interagency Task Force headed by the Authority released a report recommending uses for the property along a 30-mile stretch of the St. Lawrence River in the towns of Lisbon, Louisville, Massena and Waddington. This was followed in November by Power Authority issuance of a draft Generic Environmental Impact Statement; a final statement reflecting agency and public comment was issued in January 1995.

A $1 million contribution from the Power Authority will help North Country communities improve recreation along the St. Lawrence River.

The Power Authority intends to return 930 acres of land, most recently valued at $5.4 million, to the towns without charge. This property, some of which requires approval from the Federal Energy Regulatory Commission for removal from the project boundary, will be available for transfer to private developers and return to tax rolls. In addition, the Authority will spend $1 million for recreational improvements on land remaining under its ownership, with most of the work planned for completion in 1995.

Preparing for License Renewal

Looking ahead, the Power Authority in 1994 began efforts for renewal of its federal operating licenses for the St. Lawrence-FDR project in 2003 and the Niagara project in 2007.

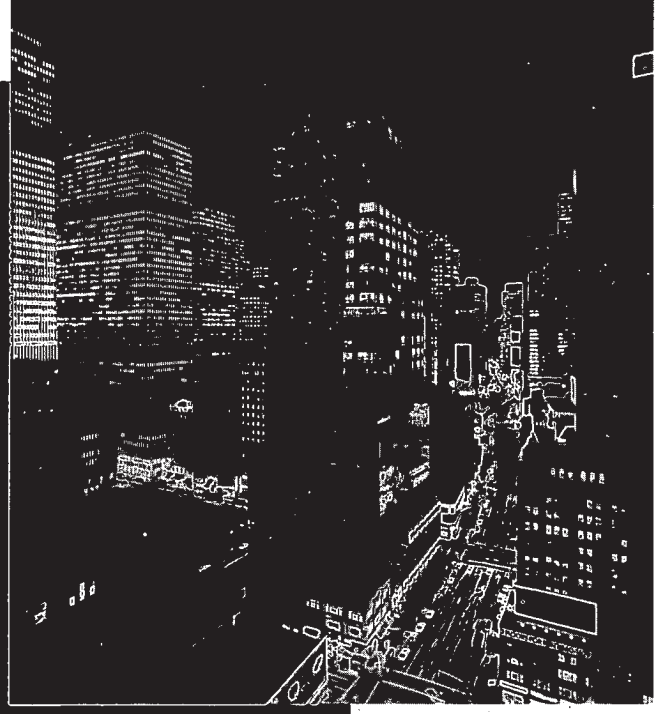
With St. Lawrence-FDR first up for renewal, the Authority focused on that facility in 1994. The trustees approved $1.8 million for initial studies of the project's components, environment and recreational facilities, and the Authority began an analysis of the turbines to determine if upgrading them would increase efficiency and revenue. This assessment is scheduled to be completed in June 1995.

Nuclear Plants on the Upswing

The Power Authority's efforts to strengthen operations in 1994 yielded encouraging results at one of its nuclear power plants and solid progress at the other.

In January 1994 the James A. FitzPatrick plant was removed from the U.S. Nuclear Regulatory Commission's (NRC) list of facilities needing increased monitoring.

The Power Authority in 1994 began efforts for the renewal of its federal operating licenses for the St. Lawrence-FDR and Niagara power projects.



New York City is the Power Authority's largest governmental customer. The Authority's low-cost electricity serves public agencies in the city and Westchester County.

Throughout the year, FitzPatrick showed that it deserved the NRC's confidence by experiencing no unplanned shutdowns and logging 209 days of continuous operation, its third longest run ever. Before a scheduled refueling outage in late November, the facility produced power more than 90 percent of the time, surpassing the U.S. industry average of 75 percent in 1993, the most recent available figure.

At Indian Point 3 (IP3), shut down by the Power Authority in February 1993 to resolve equipment and performance problems, a revamped management team and retrained staff made strides toward returning the plant to service.

Plant managers addressed the root causes of IP3's deficiencies. They then took specific steps to enhance management skills and oversight, as well as to improve processes for resolving technical issues, strengthening work controls and increasing personal accountability at all levels.

Staff members had completed most of the remaining work by year's end. Before operation can be resumed, NYPA executives must be satisfied that the plant is ready and then obtain the concurrence of the NRC. NYPA is putting safety first and has no deadline for restarting the plant. However, a return to service is expected in the spring of 1995.

IP3 remained on the NRC's list of plants requiring increased monitoring, pending its restart and a sustained period of successful performance.

Adding to its generating network, the Power Authority put the Richard M. Flynn plant in service in May 1994. The facility was the first built under New York State's competitive bidding program.

New Plant Begins Operation

In service on schedule, the Richard M. Flynn Power Plant began commercial operation May 1, 1994, in Holtsville, L.I., and was dedicated in August as the Power Authority's 12th generating facility. The plant is named for the former NYPA chairman, who resigned in February 1994. The 135,600-kw natural gas- and oil-fired facility will supply electricity to the Long Island Lighting Company (LILCO) for 20 years. The Power Authority won LILCO's bidding competition to build the plant, the first constructed under a New York State program requiring utilities to seek competitive bids for new power supply sources.

While the Flynn plant staff was preparing for that facility's commissioning, another Power Authority team was overseeing final decommissioning work at the Shoreham Nuclear Power Station. As lead contractor, the Power Authority managed the project for Shoreham's owner, the Long Island Power Authority. By mid-summer, crews had finished system cleaning and dismantlement, including the transfer of the plant's fuel to a Pennsylvania nuclear plant. They then completed radiological surveys, documenting that the buildings and grounds met the criteria required for license termination and unrestricted use: After reviewing the survey results in 1995, the NRC will decide whether to terminate Shoreham's license.

This school in New Rochelle is among the public facilities that benefit from lower-cost Power Authority electricity.

SUSTAINABLE

resources

The Power Authority is laying the groundwork for a sustainable energy economy by advancing energy efficiency, electrotechnologies and renewable resources to complement conventional power sources. Electric transportation is another key factor in this blueprint for the future.

Energy Efficiency in the Spotlight

Prompted by the success of the Power Authority's High Efficiency Lighting Program (HELP), the trustees approved $90 million in 1994 for new and expanded energy conservation initiatives and electrotechnology efforts. The Authority thus far has committed $300 million to its energy efficiency programs—funds that will be repaid from the savings in electric bills.

Through HELP, the Power Authority handles the engineering, design, procurement and installation of new lighting and other conservation measures. The Authority also provides economic incentives and full financing for program participants.

During 1994 the trustees extended HELP to county and municipal government facilities throughout the state and authorized additional funding for the state's public schools and community colleges and for a separate element of the program for public schools on Long Island.

The county and municipal government program is expected to reduce electricity bills at participating sites by 25 percent. It is projected to save governments and taxpayers a total of $17 million a year when fully implemented. The Power Authority also offers HELP for state government facilities throughout New York and for its own government customers in New York City and Westchester County.

Through the end of 1994, HELP improvements had been completed or were under way at 225 Long Island schools, 99 schools and community colleges elsewhere in the state, 51 state government facilities and 167 government facilities in New York City and Westchester County. Overall, annual HELP savings had reached nearly $20 million and 50,000 kw by year's end.

In other conservation initiatives in 1994, the trustees increased funding by $12 million for an Industrial Customer Demand-Side Management Program and began a Refrigerator Buy-Back Program for residential customers of municipal and rural cooperative electric systems. The Authority will buy their less-efficient, secondary refrigerators and dispose of them in an environmentally safe manner.

These customers also continued to enjoy energy savings through the Watt Busters program, in which the Authority performs free home energy audits, installs recommended measures and provides financing. To date, 27 systems have participated in the program, saving more than $1 million and 14,000 kw.

Power Authority conservation programs help customers save energy and money. This New York City Transit Authority bus depot cuts electricity use and costs with Authority-financed and -installed superefficient lighting.

Opposite: *The Power Authority is turning to solar power as a future energy source. Bottom photo, Authority-installed photovoltaic panels convert sunlight into electricity atop a laboratory operated by the Westchester County government in Valhalla.*

Power Authority trustees have set aside $10 million to launch an Electrotechnologies Program to help the Authority's government customers in New York City and Westchester County save money, conserve energy and aid the environment.

Also in 1994, the Power Authority expanded its Tree Power Program for the municipal and rural cooperative systems. The Authority provides a tree for every one planted by a participating system. Twenty-five of the 51 eligible systems planted a total of 3,200 trees last spring, including the Power Authority contribution. This brought the number since the program's inception in 1992 to 12,500.

Electrotechnologies Program Gets Under Way

In March 1994 the trustees set aside $10 million to launch an Electrotechnologies Program to help the Power Authority's government customers in New York City and Westchester County save money while conserving energy and aiding the environment.

Working with the Electric Power Research Institute, a national utility group, the Authority has identified a number of commercially available technologies in which electricity can be substituted for other energy sources. The Authority will provide up-front funding, design and engineering, and will oversee program implementation. Promising technologies include heat pump water heaters, efficient electric chillers and microwave medical waste disinfectors. The program also could include equipment for ultraviolet wastewater disinfection and ozone water purification, which have no fuel substitutes but would produce environmental benefits by reducing chlorine use.

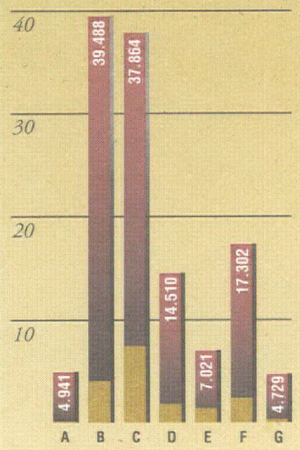
Promoting Electric Transportation

The Power Authority in 1994 sponsored or cosponsored more than a dozen initiatives to accelerate development and use of electric transportation. These efforts, continuing in 1995, demonstrate electric transit and its potential for improving air quality, cutting dependence on foreign oil and promoting technology development.

Through its membership in EV America, NYPA is working with other electric utilities nationwide to get 500 electric vehicles on the road in utility, commercial and government fleets by early 1996. As part of that program, the trustees in September 1994 allocated $1 million to purchase up to 50 battery-powered cars.

Using the new vehicles, NYPA hopes to promote use of electric transportation by its customers. About half of the vehicles will join the fleets of New York City, Westchester County, municipal and cooperative electric systems and the Authority itself. The rest are slated for a rail-station commuter demonstration project involving

1994 New York Utilities' Total Sales and Power Authority Sales to Utilities
Billions of kwh



Utility's total sales[1]
Power Authority sales to utility

A Central Hudson
B Con Edison
C Niagara Mohawk[2]
D New York State Electric & Gas
E Rochester Gas and Electric
F Long Island Lighting Company
G Orange & Rockland

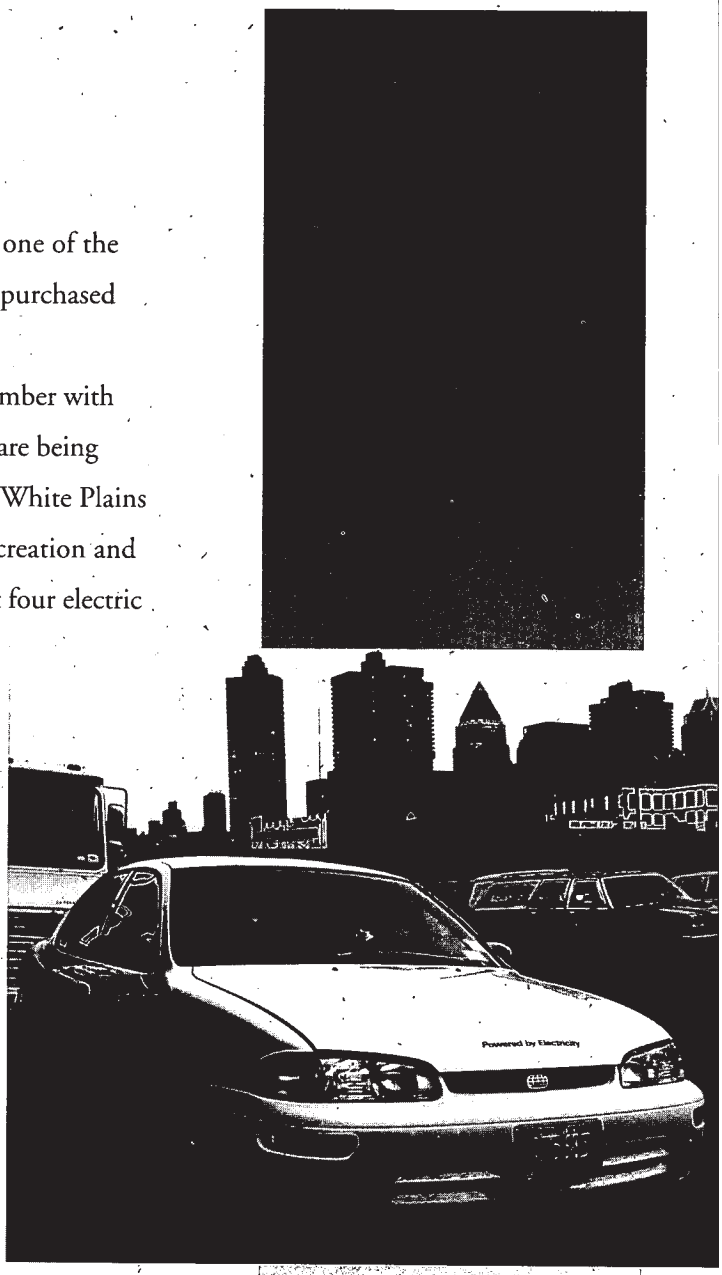
[1] Power Authority sales totaled 17.459 billion kwh, which excludes .512 billion sold through the New York Power Pool for supply to the utilities as needed.
[2] Includes .009 billion kwh associated with sales to reallocated expansion power customers.

Westchester County and the Metropolitan Transportation Authority, one of the Authority's largest public customers. Separately, the Power Authority purchased three electric vehicles in 1994 for use at its headquarters office.

Another Power Authority demonstration program began in December with the delivery of four electric patrol vehicles. The three-wheeled vehicles are being used by the Times Square Business Improvement District, the City of White Plains Parking Authority and New York City's departments of Parks and Recreation and Environmental Protection. In addition, the Authority is helping to put four electric shuttle buses on the road in Westchester County and New York City.

The Power Authority is also:

- Supporting a plan to reintroduce electric trolley service on Manhattan's 42nd Street.
- Helping to develop an electric trolley-coach system for the East Side of Manhattan and a hybrid-electric delivery vehicle and mass transit bus for urban use. (Hybrids are battery-powered vehicles with small combustion engines for added power and range.)
- Studying energy conservation options for the New York City subway system and electrification of service vehicles at LaGuardia Airport.
- Developing plans for public electric-vehicle charging stations in New York City.



The Power Authority has added three electric vehicles, including this Geo Prizm, to its headquarters fleet, with more en route to its other facilities.

Moving New York Toward Renewables

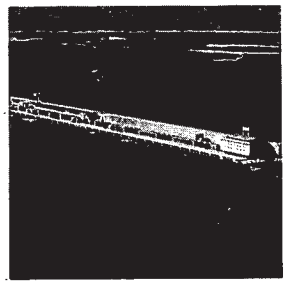
Hydropower, the prototype renewable, remains the Power Authority's prime electricity source. And in 1994 the Authority moved to develop other clean, efficient renewable resources as well. The focus was on solar, wind and biomass.

Three facilities in Westchester County and New York City are reaping the benefits of Power Authority-installed rooftop photovoltaic arrays that convert sunlight into power to run building systems. And, with smaller-scale projects, the Authority is proving the advantages of solar energy for limited end uses, such as outdoor lighting and water aeration in city ponds.

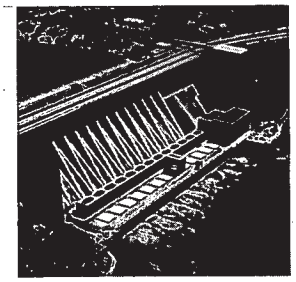
Also under study are initiatives to test advanced turbine designs for wind-power production; evaluate the conversion of waste wood and sewage sludge into methanol and hydrogen gas; and demonstrate the commercial potential of fuel cells, which make electricity by chemically combining hydrogen with oxygen and create virtually no environmental impact.

POWER AUTHORITY

facilities

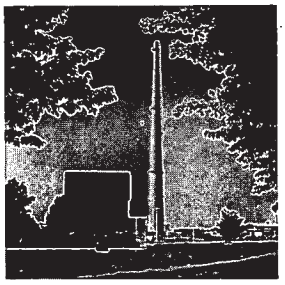


St. Lawrence-Franklin D. Roosevelt Power Project
Location: Massena, on the St. Lawrence River, St. Lawrence County
Net Dependable Capability: 800,000 kw
First Commercial Power: July 1958
1994 Net Generation: 6.9 billion kwh
Net Generation Through 1994: 245.7 billion kwh

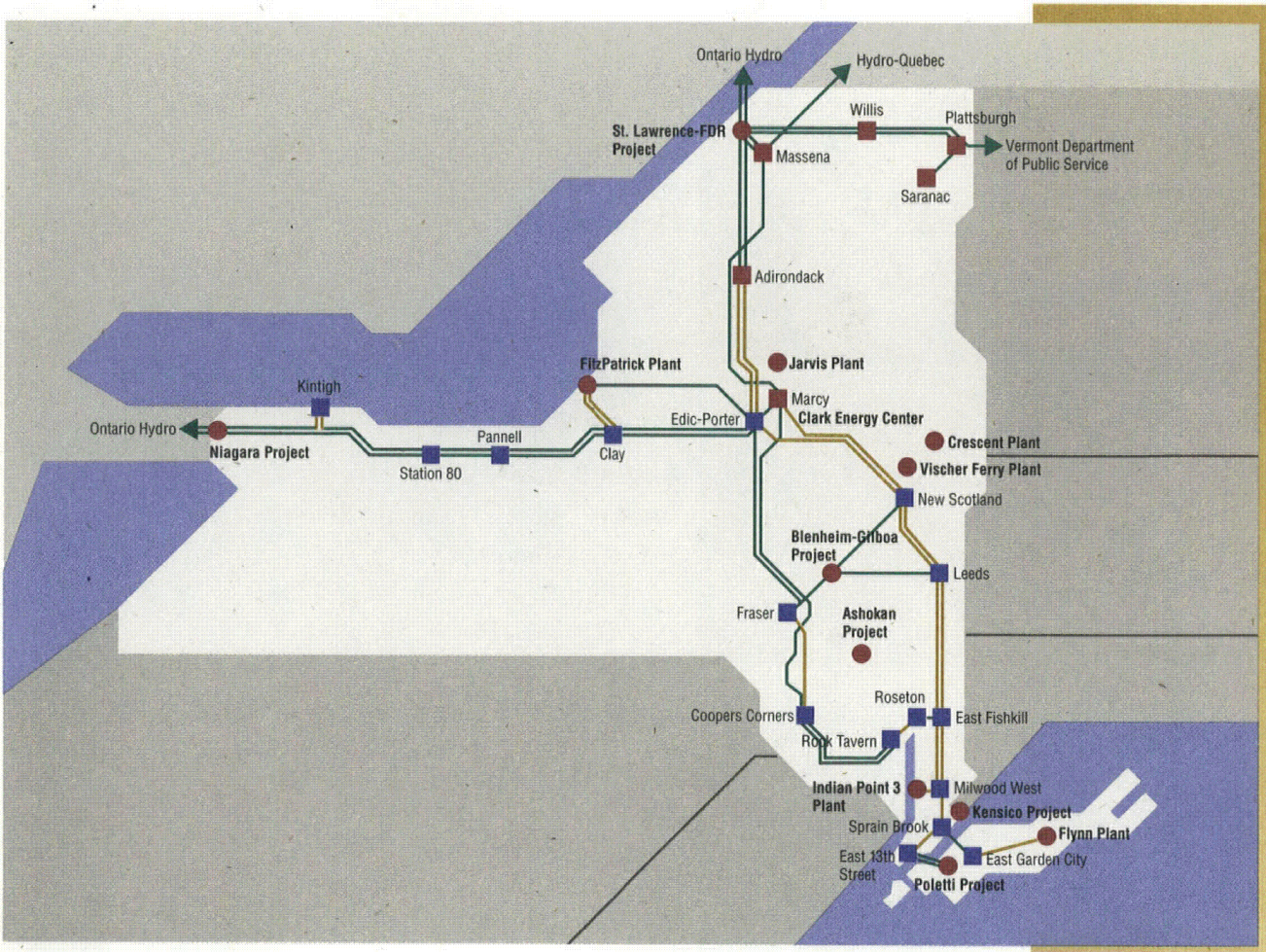


Niagara Power Project
Location: Lewiston, on the Niagara River, Niagara County
Net Dependable Capability: 2,400,000 kw
First Commercial Power: January 1961
1994 Net Generation: 15.1 billion kwh
Net Generation Through 1994: 502.1 billion kwh

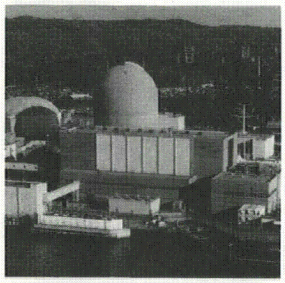
Blenheim-Gilboa Pumped Storage Power Project
Location: Blenheim and Gilboa, southwest of Albany, in Schoharie County
Net Dependable Capability: 1,040,000 kw
First Commercial Power: July 1973
1994 Gross Generation: 1.7 billion kwh
Gross Generation Through 1994: 32.3 billion kwh



James A. FitzPatrick Nuclear Power Plant
Location: Scriba, south shore of Lake Ontario, in Oswego County
Net Dependable Capability: 800,000 kw
First Commercial Power: July 1975
1994 Net Generation: 5.0 billion kwh
Net Generation Through 1994: 83.5 billion kwh

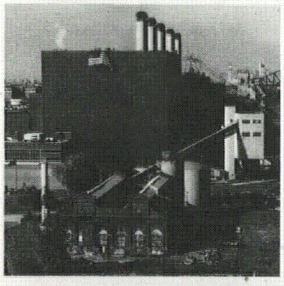


- Power Authority Projects
- Power Authority Substations
- Substations of Others
- Power Authority Lines
- Lines of Others Available as Needed



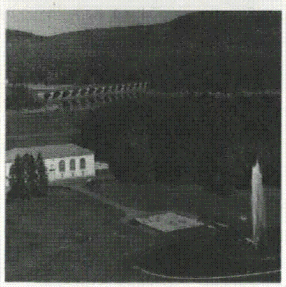
Indian Point 3 Nuclear Power Plant

Location: Buchanan, on the Hudson River, Westchester County
Net Dependable Capability: 980,000 kw
First Commercial Power: August 1976
1994 Net Generation: (Did not operate)
Net Generation Through 1994: 77.6 billion kwh



Charles Poletti Power Project

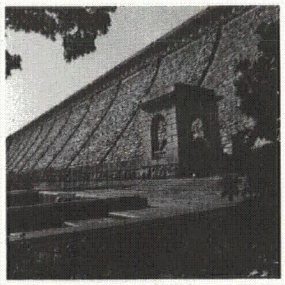
Location: New York City, on the East River
Net Dependable Capability: 825,000 kw
First Commercial Power: March 1977
1994 Net Generation: 1.9 billion kwh
Net Generation Through 1994: 42.9 billion kwh



Ashokan Project

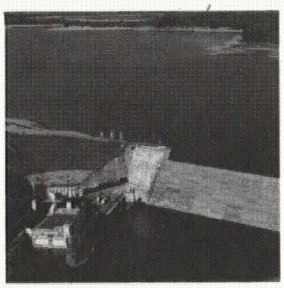
Location: Ashokan Reservoir, in Olive, Ulster County
Net Dependable Capability: 3,300 kw
First Commercial Power: November 1982
1994 Net Generation: 22.7 million kwh
Net Generation Through 1994: 261.6 million kwh

In addition to its large hydroelectric projects, the Power Authority operates five small hydro facilities.



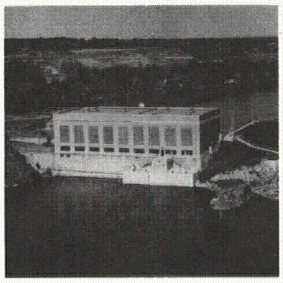
Kensico Project

Location: Kensico Reservoir, in Valhalla, Westchester County
Net Dependable Capability: 2,400 kw
First Commercial Power: July 1983
1994 Net Generation: 9.0 million kwh
Net Generation Through 1994: 156.2 million kwh



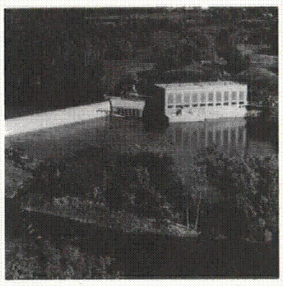
Gregory B. Jarvis Plant

Location: Hinckley Dam and Reservoir, north of Utica, Oneida County
Net Dependable Capability: 4,000 kw
First Commercial Power: July 1991
1994 Net Generation: 31.0 million kwh
Net Generation Through 1994: 106.6 million kwh



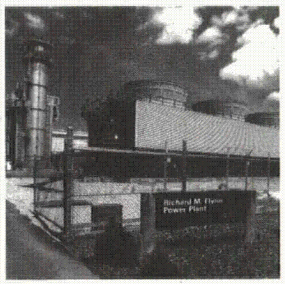
Crescent Plant

Location: Mohawk River, north of Albany, in Albany and Saratoga counties
Net Dependable Capability: 9,948 kw
First Commercial Power: July 1991
1994 Net Generation: 58.6 million kwh
Net Generation Through 1994: 173.0 million kwh



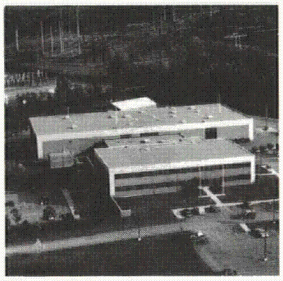
Vischer Ferry Plant

Location: Mohawk River, north of Albany, in Saratoga and Schenectady counties
Net Dependable Capability: 9,948 kw
First Commercial Power: July 1991
1994 Net Generation: 55.4 million kwh
Net Generation Through 1994: 169.6 million kwh



Richard M. Flynn Power Plant

Location: Holtsville, Suffolk County
Net Dependable Capability: 135,600 kw
First Commercial Power: May 1994
1994 Net Generation: 717.2 million kwh
Net Generation Through 1994: 717.2 million kwh



Frederick R. Clark Energy Center

Location: Marcy, north of Utica, in Oneida County
Opened: June 1980

OPERATIONS

data

The data on Power Authority operations, appearing on pages 19 through 27, have been prepared from records and other information of the Power Authority and have not been examined by the independent accountants.

NEW YORK POWER AUTHORITY GENERATING FACILITIES

Facility	Type	Net Rated Output (mw)	1994 Net Generation (mwh)
St. Lawrence-FDR	Hydro	800.0	6,864,983
Niagara	Hydro	2400.0	15,093,323[1]
Blenheim-Gilboa	Pumped Storage	1040.0	(866,054)[1]
FitzPatrick	Nuclear	800.0	4,972,050
Indian Point 3	Nuclear	980.0	0
Poletti	Oil/Gas	825.0	1,878,641
Flynn	Oil/Gas	135.6	717,233
Ashokan	Hydro	3.3	22,651
Kensico	Hydro	2.4	9,002
Jarvis	Hydro	4.0	30,964
Crescent	Hydro	9.9	58,636
Vischer Ferry	Hydro	9.9	55,378
Total Net Generation			28,836,807

[1]Net of pumping energy.

BUSBAR PRICES FOR POWER AND ENERGY SOLD TO CUSTOMERS

As of December 31, 1994

Niagara/St. Lawrence-FDR Customers

Utilities, Municipal and Cooperative Customers, and Public Entities	
Composite at 70% Load Factor	6.88 mills/kwh
Demand	$1.00 per kw/month
Energy	4.92 mills/kwh
Replacement Power Sales of 445,000 kw to Niagara Mohawk	
Composite at 80% Load Factor	8.12 mills/kwh
Demand [1][2]	$2.37 per kw/month
Energy [1][2]	4.06 mills/kwh
Composite at 80% Load Factor	11.24 mills/kwh
Demand [1][3]	$3.28 per kw/month
Energy [1][3]	5.62 mills/kwh
Expansion Power Sales of 242,600 kw [4] to Niagara Mohawk and New York State Electric & Gas	
Composite at 80% Load Factor	11.24 mills/kwh
Demand [1]	$3.28 per kw/month
Energy [1]	5.62 mills/kwh
Aluminum Company of America	
Composite at 80% Load Factor	15.66 mills/kwh
Demand [5]	$4.245 per kw/month
Energy [5]	8.390 mills/kwh
Reynolds Metals Company	
Composite at 80% Load Factor	15.94 mills/kwh
Demand [5]	$4.320 per kw/month
Energy [5]	8.538 mills/kwh
General Motors Corporation	
Composite at 80% Load Factor	11.09 mills/kwh
Demand [1]	$3.24 per kw/month
Energy [1]	5.54 mills/kwh
St. Lawrence Seaway Development Corporation and New York State Office of Parks, Recreation and Historic Preservation	
Energy	10.00 mills/kwh

[1]Base rates are subject to annual adjustment factors effective May 1. These adjustment factors are calculated based on the cost of fuels used in generating electricity in the New York Power Pool, the Gross National Product price deflator and two producer price indices. From May 1, 1994, to April 30, 1995, the adjustment factor is .99.

[2]Applicable to customers who received an allocation before May 1, 1994.

[3]Applicable to customers who received an allocation on or after May 1, 1994.

[4]Expansion power sales are allocated from a block of 250,000 kw.

[5]Base rates are subject to annual adjustment factors effective May 1. These adjustment factors are based on the cost of fuels used for generating electricity in the New York Power Pool, the Power Authority's annual debt service and provisions for job credits. From May 1, 1994, to April 30, 1995, the adjustment factor is .907 for Aluminum Company of America and .923 for Reynolds Metals Company.

Blenheim-Gilboa Customers

Utilities, Municipal and Cooperative Customers, and Public Entities	
Demand	$2.30 per kw/month
Nonfirm pumped-storage energy transfers	11.90 mills/kwh

Nonfirm energy is priced according to market conditions.

FitzPatrick Customers

Utilities	
Composite at 70% Load Factor	30.37 mills/kwh
Demand	$6.00 per kw/month
Energy[6]	
(a) On-Peak	21.00 mills/kwh
(b) Off-Peak	17.00 mills/kwh
Municipal and Cooperative Systems	
Composite at 70% Load Factor	39.86 mills/kwh
Demand[7]	$11.68 per kw/month
Energy	17.00 mills/kwh
Industrials	
Composite at 80% Load Factor	36.97 mills/kwh
Demand	$8.16 per kw/month
Energy	23.00 mills/kwh

Poletti/Indian Point 3 Customers

Rates for power and energy sales to customers depend on the service provided as follows:

Conventional Rates
Jan. 1–Dec. 31

Service Class	$/kw/Month	Mills/kwh*
General Small	–	64.39
Commercial and Industrial Redistribution	8.78	33.15
Electric Traction Systems	6.48	38.25
Westchester Streetlighting	–	54.13
Multiple Dwellings—Redistribution	7.76	34.20
General Use—Large	6.40	35.81
N.Y.C. Streetlighting	7.06	34.09
N.Y.C. Transit Authority Substation	7.22	35.22
N.Y.C. Transit Authority Plant	6.86	44.20
World Trade Center	8.52	38.14
N.Y.C. Public Buildings	6.54	37.90

Average busbar charge collected in 1994 revenues from Poletti/Indian Point 3 customers was 53.7 mills/kwh.

*As of the August 1994 billing cycle, subject to a monthly stabilized Energy Charge Adjustment (ECA) of 1.19 mills/kwh, depending on the size of the customer's credit deposit. The stabilized ECA of 1.19 mills/kwh consisted of charges for demand-side management programs and decommissioning fees. The base energy cost was 18.643 mills/kwh.

Utilities	
Demand	$17.07 per kw/month
Energy[8]	

Time-of-Day Production Rates
Jan. 1–Dec. 31

Service Class	$/kw/Month	On-Peak Mills/kwh	Off-Peak Mills/kwh
Commercial and Industrial Redistribution	7.21	47.79	26.43
Multiple Dwellings—Redistribution	6.96	49.41	27.06
General Use—Large	5.30	51.10	26.62
World Trade Center	7.20	51.56	28.28
N.Y.C. Public Buildings Light and Power	5.36	54.87	26.83

Notes:
The on-peak period for demand is weekdays from 8 a.m. to 6 p.m., including holidays. The on-peak period for energy is 8 a.m. to 10 p.m., including holidays. The off-peak period is all other hours.

Demand rates are applicable to the peak demand occurring during the on-peak period.

The above time-of-day energy rates were subject to the same Energy Charge Adjustment (ECA) applied to conventional rates.

Time-of-day production rates apply to the Poletti/Indian Point 3 public agency accounts with monthly demands of 1.5 mw or more.

[6]The on-peak period for energy is weekdays, excluding holidays, from 8:00 a.m. to 10:00 p.m. The off-peak period is all other hours.

Sales to investor-owned utilities (IOUs) include firm and residual energy. Reserve energy is sold at a rate equal to the IOUs' avoided costs. IOUs have the right to purchase all residual energy available after the Power Authority's firm power obligations have been satisfied and after reserve sales have been made.

[7]Based on a combined allocation of FitzPatrick and Blenheim-Gilboa power to full-requirements customers.

[8]Firm energy sales are made to Con Edison from Poletti based on the Power Authority's incremental cost of fuel consistent with New York Power Pool procedures and any other energy-related cost allocable to Poletti. The Indian Point 3 (IP3) firm energy rate for sales to Con Edison is based on the sum of the Power Authority's nuclear fuel replacement rate, the nuclear fuel waste disposal fee and any other energy-related costs allocable to IP3.

Supplemental energy sales are made to Con Edison in accordance with New York Power Pool procedures.

All other energy sales are made to various utilities based on mutually agreeable pricing arrangements.

SELECTED FINANCIAL DATA[1]

(In Thousands) Project	Operating Revenues	Operating Expenses	Accumulated Depreciation
Niagara/St. Lawrence	$ 210,592	$ 135,582	$ 563,016
Blenheim-Gilboa	38,371	28,997	77,550
FitzPatrick	191,162	228,918	261,623
Poletti/Indian Point 3	819,875	772,870	571,300
R.M. Flynn	31,539	30,465	2,131
Small Hydro[2]	10,629	5,038	10,875
Generating Facilities Subtotal	1,302,168	1,201,870	1,486,495
Transmission Facilities	270,145	223,208	225,871
Total	$1,572,313	$1,425,078	$1,712,366

[1]Operating revenues and operating expenses by project include interproject sales and purchases of power in the amount of $144,156. They do not include any of the following unallocated items:

Other income (principally interest)	$ 82,642
Other deductions (principally interest)	$205,322

[2]Comprises Ashokan, Kensico, Jarvis, Crescent and Vischer Ferry.

ENERGY TRANSFERS AND PURCHASES

For New York Power Authority Use[1] (kwh)

Energy Transferred	
St. Lawrence-FDR to:	
Marcy	5,535,000
Niagara	430,200,000
Poletti/Indian Point 3	612,123,000
Niagara (includes energy from St. Lawrence-FDR) to:	
Blenheim-Gilboa	801,569,000
FitzPatrick	193,181,000
Flynn	7,200,000
Marcy	23,492,000
Poletti/Indian Point 3	1,376,871,000
Blenheim-Gilboa to:	
Marcy	77,392,000
Poletti/Indian Point 3	440,529,000[2]
Poletti/Indian Point 3 to:	
Flynn	656,000
Marcy	229,703,000
FitzPatrick to:	
Poletti/Indian Point 3	532,904,000
Ashokan to:	
Poletti/Indian Point 3	22,611,000
Kensico to:	
Poletti/Indian Point 3	8,768,000
Small Hydro Project #1 to:	
Poletti/Indian Point 3	148,939,000

Purchased Power	
Canadian Sources to:	
FitzPatrick	493,241,000
Flynn	34,399,000
Marcy	682,793,000
Poletti/Indian Point 3	4,161,483
Investor-Owned Utilities to:	
Flynn	4,451,000
Marcy	124,547,000
Poletti/Indian Point 3	1,422,557,000
Power Marketers to:	
Marcy	10,926,000
Poletti/Indian Point 3	45,720,000

[1] Transfers between projects are reported on a net basis and do not reflect transmission losses.

[2] Net of pumping energy.

1994 SALES TO CUSTOMERS (kwh)

Niagara	Total Energy
Investor-Owned Utilities	
New York State Electric & Gas	1,065,234,000
Niagara Mohawk[1]	5,967,194,739
Rochester Gas and Electric	455,276,000
Municipal and Cooperative Systems	4,038,641,033
Out-of-State	
Allegheny Electric Cooperative	265,789,000
Cleveland, City of	368,268,000
Connecticut Municipal Electric Cooperative	107,720,000
Massachusetts Department of Public Utilities	481,613,000
Public Power Association of New Jersey	75,824,000
Rhode Island Public Utilities Commission	6,728,000
Vermont Department of Public Service	74,611,000

St. Lawrence-FDR	Total Energy
Investor-Owned Utilities	
New York State Electric & Gas	629,322,000
Niagara Mohawk	666,817,000
Rochester Gas and Electric	352,749,000
Out-of-State	
Allegheny Electric Cooperative	191,093,000
Cleveland, City of	166,191,000
Connecticut Municipal Electric Cooperative	48,893,000
Massachusetts Department of Public Utilities	89,359,000
Public Power Association of New Jersey	109,856,000
Rhode Island Public Utilities Commission	12,844,000
Vermont Department of Public Service	35,444,000
Others	
Niagara Frontier Transportation Authority	3,115,387
N.Y.S. Office of Parks, Recreation and Historic Preservation	713,041
St. Lawrence Seaway Development Corporation	124,464
Industrials	
Aluminum Company of America	1,971,404,000
General Motors Corporation	52,995,000
Reynolds Metals Company	1,365,900,000
Southeastern New York	
N.Y.S. Metropolitan Transportation Authority	40,961,760

FitzPatrick	Total Energy
Investor-Owned Utilities	
Central Hudson	57,140,000
Con Edison	421,549,000
Long Island Lighting	1,472,744,000
New York State Electric & Gas	89,305,594
Niagara Mohawk	777,684,000
Rochester Gas and Electric	484,597,000
Municipal and Cooperative Systems	218,477,779
Municipal Utility Service Agencies	
Nassau County Public Utility Agency	11,850,169
New York City Public Utility Service	439,794,324
Suffolk County Electrical Agency	30,027,790
Westchester County Public Utility Agency	28,677,677

FitzPatrick	Total Energy
Industrials	
Allied Bakery Products	1,845,796
Air Products and Chemicals, Inc.	102,355,721
Aluf Plastics	2,866,470
BOC Gases[2]	126,483,616
Burton Industries	2,438,156
Computer Associates International, Inc.	38,907,187
General Instrument Corporation	3,824,548
General Motors Corporation	55,671,144
Grumman Corporation	50,329,606
Hazeltine Corporation	10,062,939
Insert Color Press	267,122
Island Container Corporation	817,716
Lawson Mardon Labels[3]	3,491,886
Monitor Aerospace Corporation	12,258,752
Nassau Tool Works	676,421
Nature's Bounty, Inc.	4,453,755
Newsday	6,409,305
Niachlor[4]	23,413,903
Occidental Chemical Corporation	194,207,109
Owens-Corning Fiberglas Corporation	40,442,606
Reynolds Metals Company	131,604,000
Southern Container Corporation	1,209,335
The Ullman Company Inc.	3,755,466
Commercial	
B. Dalton Bookseller, Inc.	5,031,593
Smith Barney, Inc.[5]	53,334,390
Southside Laundry, Inc.	3,237,943
Others	
Brookhaven National Laboratory[6]	255,995,551

Marcy[7]	Total Energy
Utilities	
Central Hudson	49,572,000
Central Vermont Public Service Corp.	9,900,000
Con Edison	288,490,000
Green Mountain Power Co.	1,640,000
Hydro-Québec	10,020,000
Long Island Lighting	170,425,000
New York State Electric & Gas	27,578,000
Niagara Mohawk	13,823,000
Orange and Rockland	310,406,000
Rochester Gas and Electric	62,350,000
Power Marketers	
Enron Power Marketing, Inc.	80,663,000
Louis Dreyfus Energy Corporation	26,938,000
North American Energy Corporation	84,454,000

Flynn	Total Energy
Utility	
Long Island Lighting	760,459,000

Poletti/Indian Point 3	Total Energy
Utilities	
Con Edison	246,427,000
New York Power Pool	511,503,000
Southeastern New York[8]	
Abbott Union Free School District	245,280
Ardsley, Village of	566,261
Ardsley Union Free School District	701,760
Bedford Central School District	540,840
Briarcliff Manor, Village of	1,942,527
Briarcliff Manor Union Free School District	1,775,640
Bronxville, Village of	1,966,346
Buchanan, Village of	591,245
Byram Hills Central School District	1,956,720
Chappaqua Central School District	3,893,843
Cortlandt, Town of	2,072,232
Croton Harmon Union Free School District	838,992
Croton-on-Hudson, Village of	1,582,638
Dobbs Ferry, Village of	1,213,929
Dobbs Ferry Union Free School District	444,600
Eastchester Fire District	58,358
Eastchester, Town of	2,053,202
Eastchester Union Free School District	1,395,002
Edgemont Union Free School District	593,640
Elmsford, Village of	803,328
Elmsford Union Free School District	252,540
Fairview Fire District	65,598
Greenburgh, Town of	16,707,202
Greenburgh Housing Authority	1,024,585
Greenburgh Central School District #7	701,358
Greenburgh Graham Union Free School District	298,670
Harrison, Town of	4,751,978
Harrison Central School District	1,061,642
Hartsdale Fire District	27,418
Hastings-on-Hudson, Village of	1,131,857
Hastings-on-Hudson Union Free School District	436,753
Hendrick Hudson School District	1,731,660
Irvington, Village of	1,144,989
Irvington Union Free School District	379,417
Jacob K. Javits Convention Center	36,113,761
Lakeland Central School District	5,743,667
Lake Mohegan Fire District	42,180
Larchmont, Village of	1,022,008
Mamaroneck, Town of	1,414,928
Mamaroneck, Village of	2,480,732
Mamaroneck Union Free School District	3,955,800
Metropolitan Transportation Authority	2,819,624,958
Montrose Fire District	31,302
Montrose Improvement District	1,362,202
Mount Kisco, Village of	2,707,224
Mount Kisco Housing Authority	163,779
Mount Pleasant, Town of	4,307,981
Mount Pleasant Central School District	1,683,292
Mount Vernon and Housing Authority, City of	12,838,512
Mount Vernon City School District	6,466,685
New Castle, Town of	3,889,869
New Rochelle, City of	15,453,376
New Rochelle Municipal Housing Authority	3,300,120
New Rochelle City School District	3,095,652
New York City Housing Authority	979,961,518

New York City Public Buildings	3,130,501,815
New York State Office of General Services	281,062,730
North Castle, Town of	1,927,008
North Tarrytown, Village of	1,292,255
North Tarrytown Housing Authority	406,680
Ossining, Town of	442,414
Ossining, Village of	4,737,324
Ossining Union Free School District	2,169,600
Peekskill, City of	10,019,570
Peekskill Housing Authority, City of	417,482
Peekskill School District	816,720
Pelham, Village of	601,376
Pelham Manor, Village of	351,548
Pelham Union Free School District	1,591,366
Pleasantville, Village of	1,185,676
Pleasantville Union Free School District	1,185,840
Port Authority of New York and New Jersey	922,231,866
Port Chester, Village of	2,833,979
Port Chester Housing Authority	1,677,684
Port Chester-Rye Union Free School District	2,086,180
Roosevelt Island Operating Corp.	4,213,429
Rye, City of	3,964,274
Rye, Town of	2,257,292
Rye School District, City of	675,258
Rye Neck Union Free School District	1,256,708
Scarsdale, Village of	3,196,630
Scarsdale Union Free School District	3,284,608
Southern Westchester Board of Cooperative Educational Services	3,881,710
Tarrytown, Union Free School District of	1,622,280
Tarrytown, Village of	3,074,169
Tarrytown Municipal Housing Authority	235,158
Thornwood Water District	698,730
Tuckahoe, Village of	1,058,567
Tuckahoe Housing Authority	763,656
Tuckahoe Union Free School District	488,760
United Nations Development Corporation	1,788,159
Valhalla Union Free School District	1,027,191
Verplank Fire District	49,104
Westchester County	182,286,923
Westchester Joint Water Works	1,340,226
White Plains, City of	23,779,780
White Plains City School District	6,300,989
White Plains Housing Authority	2,093,793
Yonkers, City of	47,067,846
Yonkers Board of Education	6,195,145
Yonkers Parking Authority	128,009
Yonkers Housing Authority	9,929,814
Yorktown, Town of	1,200,866

(1)Energy includes 9,099,739 kwh reallocated on a temporary basis.
(2)Includes 10,047,290 kwh received on a temporary basis.
Formerly Airco Industrial Gases.
(3)Formerly Alusuisse Flexible Packaging, Inc.
(4)Total energy received on a temporary basis.
(5)Formerly Smith Barney Shearson.
(6)Includes 54,115,139 kwh received on a temporary basis.
(7)Energy sales are made based on mutually agreeable pricing arrangements.
(8)In addition to power from Poletti/Indian Point 3, 250 mw from Blenheim-Gilboa and 85 mw from FitzPatrick (70 mw in the winter) are presently allocated to Southeastern New York governmental customers.

1994 SALES SUPPLEMENTAL SCHEDULE (kwh)

Municipal and Cooperative Systems	Hydro Energy(1)	Incremental Energy(2)
Akron	48,870,371	6,622,770
Andover	7,246,429	599,821
Angelica	8,072,582	533,265
Arcade	126,488,369	14,227,526
Bath	76,141,417	7,558,330
Bergen	17,396,983	(5,800,335)
Boonville	67,503,171	5,996,563
Brocton	14,024,707	948,604
Castile	7,458,815	320,806
Churchville	17,476,466	1,448,520
Delaware	48,435,430	1,070,898
Endicott	51,092,819	3,329,457
Fairport	356,011,266	46,415,068
Frankfort	19,847,021	2,645,505
Freeport	247,586,611	0
Greene	34,641,418	2,916,307
Green Island	13,082,162	143,124
Greenport	29,776,679	1,255,238
Groton	21,993,486	2,339,525
Hamilton	59,306,932	2,587,485
Holley	22,929,296	1,736,287
Ilion	67,384,957	2,924,147
Jamestown	465,402,000	0
Lake Placid	133,858,097	15,243,976
Little Valley	22,833,505	2,877,564
Marathon	17,165,985	578,132
Massena	138,335,000	0
Mayville	24,708,229	2,348,794
Mohawk	22,456,874	993,736
Oneida-Madison	17,943,263	1,699,836
Otsego	42,678,709	4,849,201
Penn Yan	65,249,078	4,825,039
Philadelphia	10,320,373	1,496,723
Plattsburgh	529,264,334	25,397,876
Richmondville	13,252,470	1,388,243
Rockville Centre	182,347,598	0
Rouses Point	94,430,567	6,210,970
Salamanca	78,174,555	7,079,580
Sherburne	65,047,141	2,961,260
Sherrill	71,846,896	7,772,068
Silver Springs	4,848,929	503,398
Skaneateles	26,666,516	1,293,496
Solvay	207,295,056	0
Spencerport	55,558,058	5,164,537
Springville	54,061,714	4,579,968
Steuben	61,932,322	1,936,656
Theresa	7,380,591	641,079
Tupper Lake	85,537,412	7,316,515
Watkins Glen	42,898,296	4,280,515
Wellsville	60,765,317	3,447,972
Westfield	73,614,761	3,771,734
Total	4,038,641,033	218,477,779

(1)Total hydro energy for this customer class is supplied by the Niagara project.
(2)Total incremental energy for this customer class is supplied by the FitzPatrick plant.

DEMAND SIDE MANAGEMENT PROGRAMS

Inception Year	Major Programs	Cumulative Impacts as of Dec. 31, 1994 mw	gwh	Expenditures (Thousands) Cumulative	1994
1986	Watt Busters	14.1	34.5	$ 4,820	$ 470
1990	SENY HELP	29.6	122.9	64,956	13,339
1991	Statewide HELP	10.8	44.4	25,221	9,907
1992	Long Island HELP	8.1	19.3	23,085	10,696
1993	Public Schools HELP	0.6	1.5	3,583	3,255
	Total	63.2	222.6	$121,665	$37,667

HIGH EFFICIENCY LIGHTING PROGRAM PROJECTS COMPLETED OR UNDER CONSTRUCTION

Southeastern New York	Total Project Cost	Annual Bill Savings	Customer mwh Savings
N.Y.C. Board of Education	$ 8,031,847	$ 1,652,035	19,038
City University of New York	18,096,964	4,172,135	49,982
N.Y.C. Department of General Services	3,670,495	865,051	9,371
N.Y.C. Department of Correction	854,540	170,997	2,335
N.Y.C. Health and Hospitals Corporation	9,842,351	2,319,977	30,528
Other Agencies[1]	8,618,182	1,776,587	23,470
N.Y.S. Office of General Services	703,062	167,789	2,202
N.Y.S. Office of Mental Health	857,174	182,714	2,210
State University of New York	2,868,806	840,568	11,028
N.Y.C. Transit Authority	4,618,178	994,016	15,027
Westchester County	3,660,331	747,253	9,336
Westchester—Other Agencies[2]	11,380,000	2,534,243	198,133
Total	$73,201,929	$16,423,365	198,133
Total Number of Facilities:	167		

[1] "Other Agencies" include the Department of Cultural Affairs, Department of Parks, Department of Sanitation, Department of Transportation, Fire Department of New York, Human Resources Administration, Lincoln Center, Long Island Railroad, Metro-North Railroad, New York Police Department, New York and Queens public libraries, New York State Theater and miscellaneous agencies.

[2] "Westchester-Other Agencies" refers to non-County of Westchester agencies, particularly individual school districts located in Westchester County.

Long Island Public Schools	Total Project Cost	Annual Bill Savings	Customer mwh Savings
Amityville	$ 455,909	$ 96,667	653
Babylon	315,080	72,325	510
Bayshore	1,021,080	117,415	744
Bellmore	131,151	23,062	140
Bellmore-Merrick	1,088,631	234,524	1,714
Bethpage	617,939	132,001	902
Board of Cooperative Educational Services—Brookhaven and Islip	957,786	153,980	1,512
Carle Place	212,631	41,151	314
Central Islip	233,991	43,113	361
Comsewogue	859,443	177,939	1,303
Copiague	650,524	100,645	673
East Islip	243,182	43,728	313
East Meadow	436,158	60,893	381
East Moriches	95,713	24,714	158
East Quogue	46,113	7,468	47
East Rockaway	76,049	15,926	122
Elmont	425,835	68,544	427
Elwood	379,551	82,110	546
Great Neck	1,189,132	173,770	1,104
Hauppauge	715,351	162,981	1,215
Herricks	283,569	43,809	331
Hicksville	513,945	83,846	556
Huntington	378,666	64,826	438
Island Park	129,780	18,225	112
Island Trees	324,472	67,523	418
Kings Park Central	242,901	40,550	280
Levittown	1,524,655	236,637	1,540
Long Beach	1,334,555	239,099	1,671
Longwood	759,890	187,665	1,393
Malverne	290,564	55,462	360
Manhasset	459,968	91,230	653
Miller Place	223,854	63,015	457
New Hyde/Garden City Park	201,515	35,363	226
North Merrick	164,440	25,184	165
Northport-East Northport	327,038	92,690	645
Oceanside	723,118	148,635	1,008
Oyster Bay	230,404	45,496	314
Oysterpond	28,047	4,878	28
Plainview-Old Bethpage	762,308	116,675	809
Rocky Point	333,122	60,809	423
Roslyn	800,806	170,027	1,180
Sachem	67,353	20,352	145
Seaford	534,173	90,816	613
South Country	1,063,275	171,529	1,107
Southold	124,392	23,561	172
Three Village	1,034,662	175,584	1,262
Valley Stream #30	121,813	33,802	195
Valley Stream Central	934,793	213,133	1,394
Wantagh	198,106	24,462	155
West Babylon	673,381	135,469	927
West Hempstead	298,418	52,647	345
West Islip	813,370	137,959	919
Westbury	567,427	112,366	722
Wyandanch	324,442	37,393	232
Total	$26,944,470	$4,953,669	34,334
Total Number of Schools:	225		

New York State Public Schools and Community Colleges	Total Project Cost	Annual Bill Savings	Customer mwh Savings
Altmar-Parish Williamstown	$ 367,731	$ 35,696	209
Board of Cooperative Educational Services—Onondaga-Cortland-Madison	651,770	95,472	840
Buffalo	396,474	51,972	394
Carmel	782,493	104,454	903
Community Colleges:			
Erie	733,573	135,137	1,488
Jefferson	256,009	45,098	436
Rockland	243,858	46,106	525
Cortland	1,124,560	93,445	831
Galway	179,417	26,013	211
Goshen	599,910	89,838	883
Highland Falls	181,892	24,890	243
Minisink Valley	438,358	63,996	578
Monticello	486,477	68,835	644
Niagara Falls	1,542,504	201,524	1,673
North Syracuse	2,059,765	131,389	1,171
North Tonawanda	1,054,722	121,976	1,027
Pine Bush	1,003,894	105,855	1,049
Port Jervis	555,153	59,732	548
Portville	280,624	28,960	211
Sandy Creek	208,457	26,146	227
South Colonie	1,390,078	172,224	1,478
West Valley	130,100	8,705	69
Total	$14,667,819	$1,737,462	15,638
Total Number of Schools:	99		

Statewide	Total Project Cost	Annual Bill Savings	Customer mwh Savings
N.Y.S. Department of Corrections	$ 2,226,028	$ 402,964	4,674
N.Y.S. Department of Health	775,050	190,818	2,086
N.Y.S. Division for Youth	633,153	113,395	1,082
N.Y.S. Office of General Services	4,860,861	942,151	9,147
N.Y.S. Office of Mental Health	431,699	83,449	1,229
N.Y.S. Office of Mental Retardation and Developmental Disability	276,949	75,181	1,095
State University of New York	35,364,341	7,054,195	62,762
Total	$44,568,080	$8,862,153	82,076
Total Number of Facilities:	51		

WATT BUSTERS PROGRAM

Municipality or Cooperative	Total Project Cost	Annual Bill Savings	Customer mwh Savings
Arcade	$ 212,381	$ 36,236	1,421
Bath	181,377	15,978	486
Bergen	20,049	1,182	21
Brocton	35,118	6,710	213
Churchville	56,989	12,967	345
Delaware	129,645	35,582	547
Endicott	51,234	3,792	94
Fairport	1,176,913	458,612	14,890
Frankfort	61,040	7,920	220
Greene	53,484	9,743	288
Groton	65,284	9,175	265
Holley	72,136	13,385	515
Ilion	124,473	24,254	691
Jamestown	109,980	7,011	270
Lake Placid	324,483	67,168	2,092
Mayville	42,765	7,638	224
Mohawk	43,013	8,441	249
Penn Yan	141,697	18,100	710
Plattsburgh	716,402	126,107	5,706
Sherburne	103,958	27,929	800
Sherrill	41,098	1,729	77
Skaneateles	17,396	633	16
Spencerport	174,264	26,128	880
Springville	67,184	7,457	193
Tupper Lake	359,716	77,567	2,675
Wellsville	32,414	4,973	148
Westfield	100,546	15,660	540
Total	$4,515,039	$1,032,077	34,576
Total Number of Municipal or Cooperative Recipients:	27		

INDUSTRIAL AND ECONOMIC DEVELOPMENT POWER RECIPIENTS

Replacement Power Recipients

ADM Milling Co.
Advanced Refractory Technologies, Inc.
Allied Signal, Inc./Engineered Materials, Fluorine Products Div.
American Axle & Manufacturing
Avery Business Systems Division, Inc. (PSP Adhesives)
Bell Aerospace Textron
Bethlehem Steel Corporation
Buffalo China, Inc.
Buffalo Color Corporation
Buffalo Forge Company
Buffalo Tungsten Inc.
Carbide/Graphite Group, Inc.
Carborundum Abrasives Company
The Carborundum Company
Ceres Corporation
Cesiwid Inc.
ConAgra, Inc.
Curtis Screw Co., Inc.
Dunlop Tire Corporation
E. I. du Pont de Nemours & Co., Inc.
Fisher-Price, Inc.
FMC Corporation—Peroxygen Chemicals Division
F. N. Burt Company, Inc.
Freezer Queen Foods, Inc.
General Mills, Inc.
Globe International Inc.
Globe Metallurgical, Inc.
Graphic Controls Corporation
International Imaging Materials, Inc.
I Squared R Element Co., Inc.
Nabisco, Inc.
Niacet Corporation
Niachlor
Niagara Cold Drawn Corporation
City of Niagara Falls—
Water & Waste Water Treatment Plants
Occidental Chemical Corporation
Olin Corporation
Outokumpu American Brass, Inc.
Praxair, Inc.
Precision Electro Minerals Co., Inc.
PVS Chemicals, Inc.
Pyron Corporation
Rich Products Corporation
Sigri Great Lakes Carbon Corporation
Sivaco New York, Division of National Wire
Products Industries, Inc.
Sorrento Cheese Company, Inc.
TAM Ceramics, Inc.
Treibacher Schleifmittel Corporation
Tulip Corporation
UCAR Carbon Company Inc.
Ultra Tool & Plastics, Inc.
Washington Mills Electro Minerals Corporation
Westwood Squibb Pharmaceuticals, Inc.
(a Bristol-Myers Squibb Company)

Expansion Power Recipients

ADM Milling Co.
Al Tech Specialty Steel Corporation
American Axle & Manufacturing, Inc.
Bethlehem Steel Corporation
BOC Gases (a division of The BOC Group, Inc.)
Brunner, Inc.
Buffalo Paperboard Corporation
Buffalo Specialty Products, Inc.
Cadillac Rubber & Plastics, Inc., Injected Rubber
Products Division
The Carbide/Graphite Group, Inc.
Carleton Technologies Inc.
Cascades Niagara Falls, Inc.
Christian Salvesen, Inc.
Cliffstar Corporation
ConAgra, Inc.
Dunkirk Ice Cream Co., Inc.
Dunlop Tire Corporation
Dussault Foundry Corporation
E.I. du Pont de Nemours & Co., Inc.
Fairbank Reconstruction Corporation
Fisher-Price, Inc.
F. N. Burt Company, Inc.
Ford Motor Company
Freezer Queen Foods, Inc.
General Mills, Inc.
General Motors Corporation, Harrison Division
Globe Metallurgical, Inc.
Greif Bros. Corporation
International Imaging Materials, Inc.
International Multifoods Corporation
Leica Inc.
Moog Inc.
Motorola, Inc.
Nabisco, Inc.
Niagara Resin and Recycling, Inc.
Nuttall Gear Company
Occidental Chemical Corporation
Pohlman Foundry Company, Inc.
Praxair, Inc.
Pyron Corporation
Quebecor Printing Buffalo, Inc.
Ralston Purina Company
The Red Wing Company, Inc.
Rosina Food Products, Inc.
Russer Foods, Division of ZEMCO Industries, Inc.
Sigri Great Lakes Carbon Corporation
Special Metals Corporation

Steuben Foods Incorporated
Stollberg, Inc.
TAM Ceramics, Inc.
3M
Tops Markets Inc.
Trico Products Corporation
Tulip Corporation
Ultra Tool & Plastics, Inc.
Westwood Squibb Pharmaceuticals, Inc.
(a Bristol-Myers Squibb Company)

FitzPatrick Power Recipients

Advanced Interconnection Technology, Inc.
Air Products and Chemicals, Inc.
Allied Bakery Products Inc.
Aluf Plastics, Inc.
Aluminum Company of America
American Broadcasting Companies
American International Group, Inc.
Anchor Glass Container Corporation
B. Dalton Bookseller, Inc.
Bear, Stearns & Co., Inc.
BOC Gases (a division of The BOC Group, Inc.)
Brenner Paper Products Company Inc.
Brookhaven National Laboratory
Burton Industries Inc.
Bus Industries of America, Inc.
CBS Inc.
Chase Manhattan Bank, N.A.
Citibank, N.A.
Cold Spring Harbor Laboratory
Commercial Envelope Manufacturing Co., Inc.
Computer Associates International, Inc.
Curtains and Fabrics, Inc.
Drescher Corporation
Eagle Electric Manufacturing Co., Inc.
Ellanef Manufacturing Corporation
Excelsior Transparent Bag Manufacturing Corporation
The Fountainhead Group, Inc.
General Instrument Corporation
General Motors Corporation
Granny's Kitchens, Ltd.
Grumman Corporation
The Gunlocke Company
H.-M. Quackenbush, Inc.
Hazeltine Corporation
Hunts Point Cooperative Market, Inc.
International Business Machines Corporation
Island Container Corporation
Keymark Corporation
Lawson Mardon Label, Division of
Lawson Mardon Flexible, Inc.
Lawson Mardon Packaging, Inc.
LeRoy Industries Inc.
Lipe-Rollway Corporation
Lyons Falls Pulp & Paper Inc.
Markin Tubing, Division of M & R Industries, Inc.
Martin Marietta Corporation
Mearl Corporation
Mele Manufacturing Co., Inc.
Metropolitan Life Insurance Company
Monitor Aerospace Corporation
Montefiore Medical Center
Morgan Guaranty Trust Company of New York
Nassau Tool Works, Inc.
National Broadcasting Company, Inc.
Nature's Bounty, Inc.
Newsday, Inc.
New York Envelope Corporation
The New York Post Company, Inc.
The New York Times Company, Inc.
NYNEX Information Resources Company
Oak-Mitsui, Inc.
Occidental Chemical Corporation
Olin Corporation
Oswego Wire, Inc.
Owens-Corning Fiberglas Corporation
Owl Wire & Cable, Inc.
Pen-Tab Industries, Inc.
Playtex Family Products Corporation
Precision Valve Corporation
Prudential Securities, Inc.
Republic New York Corporation
Reynolds Metals Company
Ruco Polymer Corporation
Sage Enterprises, Inc.
Smith Barney, Inc.
Southern Container Corporation
Southside Laundry, Inc.
Spargo Wire Company, Inc.
Special Metals Corporation
Syracuse China Company
Syroco, Inc.
World Class Film Corporation

POWER AUTHORITY

finances

Revenues for 1994 were $1.46 billion on a cash basis. Of this total, $1.38 billion resulted from the sale and transmission of power, $75.1 million from investments and $1.9 million from other sources. Revenues totaling $1.15 billion were allocated to the Operating Fund to pay for operations, maintenance and fuel, and $14.5 million was allocated to the Projects' Study Fund to pay for preliminary studies. An additional $277.2 million was allocated to the Bond Service and Bond Reserve accounts to meet debt service requirements, which included the retirement of $51.4 million in bonds. The remaining revenues, $23.1 million, were allocated to the General Reserve.

The Operating Fund balance grew by $29.3 million in 1994, due in part to the implementation of cost-containment measures identified in the prior year. In 1994 an intensive review of Authority operations identified further opportunity to reduce annual operating costs by $70 million. About $56 million of the cost reduction will be realized in 1995 as a result of the elimination of over 200 staff positions, contractor reductions and more efficient operations. The additional $14 million cost reduction will be achieved in 1996. Severance benefits offered to the affected staff cost $10.5 million and were charged to expense in 1994.

In July 1994 the Power Authority adopted the Commercial Paper Note Resolution that authorized the issuance of up to $300 million notes. Proceeds of the Notes may be used to finance a portion of the Authority's current and future energy efficiency programs or other corporate purposes. Under this program, $50 million notes have been issued and sold. The Authority also entered into a Revolving Credit Agreement with a syndicate of banks to provide a supporting line of credit that terminates in July 1997.

Since 1990, phased increases in the Authority's rate for Niagara replacement power to industrial customers in Western New York have been the subject of numerous lawsuits seeking rescission of the increases. In May the Authority approved a settlement agreement with these customers which will extend the time period for the rate increase phase-in by nine years, to 2006. In exchange, the customers have committed to maintain certain employment levels and to work with the Authority on implementation of energy conservation measures. When fully implemented, the new rate will be 2.9 cents per kwh, including delivery.

The Power Authority's financial statements, reported on by independent public accountants Coopers & Lybrand L.L.P., follow.

BALANCE SHEET

December 31, 1994
(In Thousands)

Assets			
Utility Plant	Electric plant in service		$5,060,834
	Less accumulated depreciation		1,738,126
			3,322,708
	Construction work in progress		209,893
	Nuclear fuel less accumulated amortization of $174,359		168,783
	Net utility plant		3,701,384
Restricted Funds	Cash	$ 3,591	
	Investment in U.S. Government securities, at fair value	520,240	
	Investment in nuclear decommissioning trust fund (Note I)	247,754	
	Escrow deposit–Series Z Bonds (Note F)	54,288	825,873
Construction Funds	Cash	743	
	Investment in U.S. Government securities, at fair value	219,628	
	Interest receivable on investments	2,935	223,306
Current Assets	Cash	1,320	
	Investment in U.S Government securities, at fair value	499,803	
	Interest receivable on investments	23,136	
	Receivables–customers	130,359	
	Materials and supplies, at average cost:		
	Plant and general	78,244	
	Fuel	9,661	
	Prepayments and other	34,118	776,641
Other Noncurrent Assets	Preliminary investigations	23,407	
	Unamortized debt expense	26,781	
	Deferred charges and other	165,055	215,243
	Total Assets		$5,742,447
Liabilities and Capitalization			
Capitalization	Long-term debt (Notes C and F):		
	General purpose bonds		$3,066,922
	Adjustable rate tender notes		200,000
			3,266,922
	Accumulated net revenues employed in the business		
	Accumulated net revenues	$1,443,941	
	Unrealized holding gains (losses) on investment securities (Note D)	(41,665)	1,402,276
	Total Capitalization		4,669,198
Current Liabilities	Long-term debt due within one year	81,620	
	Short-term debt (Note G)	180,315	
	Accounts payable and accrued liabilities	201,730	463,665
Other Noncurrent Liabilities	Nuclear fuel disposal and decommissioning (Notes H and I)	432,662	
	Deferred revenues and other	176,922	609,584
Commitments and Contingencies (Note J)			
	Total Liabilities and Capitalization		$5,742,447

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF NET REVENUES AND ACCUMULATED NET REVENUES EMPLOYED IN THE BUSINESS

Year Ended December 31, 1994
(In Thousands)

STATEMENT OF NET REVENUES		
Operating Revenues	Power sales	$1,062,243
	Transmission charges	107,466
	Wheeling charges	266,928
	Total Operating Revenues	1,436,637
Operating Expenses	Operations	429,116
	Nuclear fuel	35,173
	Fuel oil and gas	82,151
	Purchased power–Hydro-Québec	102,815
	–Other	107,131
	Maintenance	149,730
	Wheeling	266,928
	Depreciation	135,474
	Total Operating Expenses	1,308,518
	Net Operating Revenues	128,119
Other Income	Interest	80,433
	Other	2,209
	Total Other Income	82,642
Other Deductions	Interest on long-term debt	201,813
	Interest–other	5,602
	Interest capitalized	(8,964)
	Amortization of debt discount and expense	6,871
	Total Other Deductions	205,322
	Net Revenues	$ 5,439
STATEMENT OF ACCUMULATED NET REVENUES EMPLOYED IN THE BUSINESS		
	Accumulated Net Revenues Employed in the Business at January 1, 1994	$1,445,602
	Adjustments to January 1, 1994, Balance:	
	Unrealized holding gains (losses) on investment securities held in the operating and general fund on January 1, 1994 (Note D)	50,285
	Sick leave payable upon retirement (Note E)	(7,100)
	Accumulated net revenues employed in the business at January 1, 1994, as adjusted	1,488,787
	Net Revenues	5,439
	Changes in unrealized holding gains and losses on investment securities held in the operating and general fund (Note D)	(91,950)
	Accumulated Net Revenues Employed in the Business at December 31, 1994	$1,402,276

STATEMENT OF CASH FLOWS

Year Ended December 31, 1994
Increase (Decrease) in Cash
(In Thousands)

Cash Flows From Operating Activities	Received from customers for the sale of power, transmission, wheeling	$ 1,403,140
	Earnings received on investments	75,548
	Paid to suppliers and employees for:	
	Operations and maintenance	(530,747)
	Purchased power	(204,734)
	Fuel oil and gas	(78,230)
	Wheeling of power by other utilities	(266,778)
	Energy conservation program costs	(33,286)
	Interest paid (net of $8,964 capitalized)	(197,397)
	Net cash provided by operating activities	167,516
Cash Flows From Investing Activities	Earnings received on construction fund investments	10,161
	Earnings received on nuclear decommissioning trust fund	994
	Construction and acquisition of utility plant:	
	Gross additions to utility plant	(87,046)
	Gross additions to nuclear fuel	(34,517)
	Construction costs reimbursed by others	2,537
	Paid for preliminary investigations	(14,463)
	Paid to nuclear decommissioning trust fund	(15,221)
	Purchase of investment securities	(6,383,397)
	Sale of investment securities	6,347,285
	Net cash used in investing activities	(173,667)
Cash Flows From Financing Activities	Sale of commercial paper	50,000
	Sale of master notes	10,000
	Repayment of master notes	(9,685)
	Retirement of bonds ($51,415 principal amount)	(51,395)
	Net cash used in financing activities	(1,080)
	Net Decrease in Cash	(7,231)
	Cash, January 1, 1994	12,885
	Cash, December 31, 1994	$ 5,654

Reconciliation to Net Cash Provided by Operating Activities	Net Revenues	$ 5,439
	Adjustments to reconcile net revenues to net cash provided by operating activities:	
	Provision for depreciation	135,474
	Amortization of nuclear fuel	21,057
	Provision for spent fuel disposal and nuclear plant decommissioning	38,550
	Amortization of deferred revenues	(6,365)
	Amortization of debt discount and expenses	6,871
	Preliminary investigations expensed	1,765
	DOE decommissioning and decontamination costs charged to expense	4,415
	Energy conservation program payments received from plan participants	18,112
	Net increase in prepayments and other	(7,004)
	Net increase in receivables and inventory	(35,076)
	Net increase in accounts payable and accrued liabilities	42,302
	Earning received on nuclear decommissioning trust fund	(994)
	Revenues previously deferred recognized during 1994 (Note B [6])	(21,700)
	Deferred costs to be recovered from customers in future periods	(35,330)
	Net cash provided by operating activities	$ 167,516

The accompanying notes are an integral part of these financial statements.

SUMMARY OF FUNDS

(CASH BASIS)
Year Ended December 31, 1994
(In Thousands)

	Revenue	Operating	Fuel Reserve Account	Projects' Study
Available Funds, January 1, 1994	$ 0	$ 493,853	$ 0	$ 6
Cash Receipts				
Sale of power, transmission and wheeling	1,383,087			
Earnings on investments	75,115			
Administrative expenses reimbursed from other funds		3,626		
Construction costs reimbursed by others		2,537		
Other	1,941			
Total Receipts	1,460,143	6,163		
Total Available	1,460,143	500,016		6
Transfer of funds–revenue	(1,460,143)	1,032,606	112,747	14,463
–decommissioning				
–other				
	$ 0	1,532,622	112,747	14,469
Cash Disbursements				
Interest on bonds, notes and commercial paper				
Retirement of bonds ($51,415 principal amount)				
Utility plant additions		8,031		
Nuclear fuel			34,517	
Fuel oil and gas			78,230	
Operations and maintenance		522,562		
Purchased power–Hydro-Québec		97,274		
–Others		107,460		
Wheeling		266,778		
Expenditures chargeable to other funds		7,385		
Preliminary investigations				14,463
Energy conservation program costs				
Administrative expenses reimbursed to the operating fund				
Total Disbursements		1,009,490	112,747	14,463
Available Funds, December 31, 1994		$ 523,132	$ 0	$ 6
Distributed as follows:				
Cash		$ 1,314		$ 6
Investments in U.S. Government Securities, at cost		521,818		
		$ 523,132		$ 6
Investments in U.S. Government Securities, at fair value		$ 499,803		

Restricted						
General Fund (Held by Trustee)						
Bond Service	Bond Reserve	General Reserve	Temporary Interest Fund	Nuclear Decommissioning Trust (Note I)	Note Debt Service Reserve	Note Proceeds
$ 0	$347,072	$174,523	$3,323	$237,772	$20,000	
				994		
				994		
0	347,072	174,523	3,323	238,766	20,000	
241,022	36,162	23,143				
		(14,227)		14,227		
	(3,134)	(505)				$ 505
241,022	380,100	182,934	3,323	252,993	20,000	505
192,307		10,274	3,323			457
48,715	2,680					
		25,313				
		800				
		54				
241,022	2,680	36,441	3,323			457
$ 0	$377,420	$146,493	$ 0	$252,993	$ 20,000	$ 48
	$ 4	$ 3,535			$ 4	$ 48
	377,416	142,958			19,996	
	$377,420	$146,493			$ 20,000	$ 48
	$365,941	$134,926		$247,754	$ 19,373	

SUMMARY OF FUNDS

(CASH BASIS) (continued)
Year Ended December 31, 1994
(In Thousands)

	Indian Point 3 Project Improvement Fund	
	No.1	**No.3**
Available Funds, January 1, 1994	$9,575	$105,641
Cash Receipts		
Earnings on investments	403	4,751
Sale of notes		
Sale of commercial paper		
Energy conservation programs		
Return of construction deposit		
Total Receipts	403	4,751
Total Available	9,978	110,392
Transfer of funds—other		
	9,978	110,392
Cash Disbursements		
Repayment of notes		
Utility plant additions	71	2,721
Energy conservation program costs		
Administrative expenses reimbursed to the operating fund	2	186
Total Disbursements	73	2,907
Available Funds, December 31, 1994	$ 9,905	$107,485
Distributed as follows		
Cash	$ 71	$ 31
Investments in U.S. Government Securities, at cost	9,834	107,454
	$ 9,905	$107,485
Investments in U.S. Government Securities, at fair value	$9,350	$104,354

Construction						
J.A FitzPatrick Project Improvement Fund						
No.2	No.3	Sound Cable Project	Energy Conservation	Holtsville	Facilities Improvement	Total
$14,670	$57,010	$1,052	$ 2,245	$33,937	$ 518	$224,648
775	3,329	24	433	879		10,594
			10,000			10,000
			50,000			50,000
			18,112			18,112
				3,051		3,051
775	3,329	24	78,545	3,930		91,757
15,445	60,339	1,076	80,790	37,867	518	316,405
		1,847			1,287	3,134
15,445	60,339	2,923	80,790	37,867	1,805	319,539
			9,685			9,685
1,412	6,915	2,868		32,328	1,474	47,789
			33,286			33,286
68	153	1	1,476	1,490	196	3,572
1,480	7,068	2,869	44,447	33,818	1,670	94,332
$13,965	$53,271	$ 54	$36,343	$ 4,049	$ 135	$225,207
$ 68	$ 213	$ 54	$ 47	$ 124	$ 135	$ 743
13,897	53,058		36,296	3,925		224,464
$13,965	$53,271	$ 54	$36,343	$ 4,049	$ 135	$225,207
$13,668	$51,554		$36,903	$ 3,799		$219,628

notes to

FINANCIAL STATEMENTS

Note A - General

The Power Authority of the State of New York (Authority) is a corporate municipal instrumentality and political subdivision of the State of New York (State) created by the Legislature of the State by Chapter 772 of the Laws of 1931, as last amended by Chapter 519 of the Laws of 1992.

The Authority is authorized by the Power Authority Act (Act) to help provide a continuous supply of electricity to the people of the State. The Authority generates, transmits and sells electricity principally at wholesale. The Authority's primary customers are municipal and investor-owned utilities and rural electric cooperatives located throughout the State, high-load-factor industries and other businesses, various public corporations located within the metropolitan area of New York City, including The City of New York, and certain out-of-state customers.

The Authority's trustees are appointed by the Governor of the State, with the advice and consent of the State Senate, to serve five-year terms. The Authority is a fiscally independent public corporation that does not receive State funds or tax revenues or credits. It generally finances construction of new projects through sales of bonds and notes to private investors and pays related debt service principally with revenues from the generation and transmission of electricity. Accordingly, the financial condition of the Authority is not controlled by or dependent on the State or any political subdivision of the State. Under the criteria set forth in Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," the Authority considers its relationship to the State to be that of a related organization.

Income of the Authority and properties acquired by it for its projects are exempt from taxation. However, the Authority is authorized by Chapter 908 of the Laws of 1972 to enter into agreements to make payments in lieu of taxes with respect to property acquired for any project where such payments are based solely on the value of the real property without regard to any improvement thereon by the Authority and where no bonds to pay any costs of such project were issued prior to January 1, 1972.

Note B - Accounting Policies

(1) Accounts of the Authority are maintained substantially in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission. The Authority complies with all applicable pronouncements of the Governmental Accounting Standards Board (GASB). In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," the Authority also complies with authoritative pronouncements applicable to nongovernmental entities (i.e., Financial Accounting Standards Board statements) which do not conflict with GASB pronouncements.

(2) Utility plant is stated at original cost and consists primarily of amounts expended for labor, materials, services and indirect costs to license, construct, acquire, complete and place in operation the projects of the Authority. Interest on amounts borrowed to finance construction of the Authority's projects is charged to the respective project prior to completion thereof. Borrowed funds for a specific construction project are deposited in a construction fund account. Earnings on fund investments are held in the fund to be used for construction purposes.

Earnings on unexpended borrowed funds are credited to the cost of the related project until completion of the project. Utility plant costs are reduced by revenues received for power produced (net of expenditures incurred in operating the projects) prior to the date of completion. The costs of current repairs are charged to operating expenses, and renewals and betterments are capitalized. The cost of utility plant retired and the cost of removal less salvage (exclusive of nuclear plant decommissioning costs [see Note I]) are charged to accumulated depreciation.

Management assesses the operating efficiency and economic value of the Authority's operating facilities on an ongoing basis, in light of increasing competition in the utility industry.

(3) Depreciation is provided on a straight-line basis over the estimated useful lives of the various classes of plant as determined by independent engineers and includes estimated cost of removal, net of estimated salvage value.

(4) Electric plant in service at December 31, 1994, and the related depreciation provision expressed as a percentage of average depreciable electric plant on an annual basis were:

Type of Plant	Electric Plant in Service	Average Depreciation Rate
Production:		
Steam	$ 437,474,000	3.2%
Nuclear	1,510,466,000	3.3%
Hydro	1,275,484,000	1.5%
Other	120,725,000	1.7%
Transmission	1,477,843,000	2.7%
General	238,842,000	5.3%
	$5,060,834,000	2.7%

(5) The amortization of nuclear fuel is provided on a unit-of-production basis. Amortization rates are determined and periodically revised to amortize the cost of nuclear fuel over its estimated useful life. The estimated costs of disposal of spent nuclear fuel are included in provisions for operating expenses (see Note H). In addition, the Authority is providing for the decommissioning of its nuclear plants over their estimated useful lives (see Note I).

(6) Deferred revenues of $138,720,000 represent certain billings, related to the recovery of costs, that have been deferred and are being amortized over the life of the applicable asset. As a result of the implementation of a stabilized energy charge for Southeastern New York customers (see Note B[12]), revenues previously deferred of $21,700,000 were recognized during 1994.

The national Energy Policy Act of 1992 (Energy Act) provides, among other things, that utilities with nuclear reactors will collectively contribute a total of $150 million annually, based upon an assessment, for a period of 15 years, up to a total of $2.25 billion (in 1992 dollars), for the decommissioning and decontamination of the United States Department of Energy (DOE) nuclear fuel enrichment facilities. The Energy Act also provides that these costs are a "necessary and reasonable current cost of fuel and shall be fully recoverable in rates in all jurisdictions in the same manner as other fuel costs." The Authority has a deferred charge of $23,746,000 pertaining to the aforementioned assessment, which is being amortized over the recovery period

from customers. As of December 31, 1994, the Authority's remaining liability to the DOE for its share of these costs amounted to $41,286,000.

At December 31, 1994, deferred charges also included $56,329,000 of energy conservation program costs and $19,013,000 of fixed gas costs in excess of current recoveries. These deferred costs will be recovered from customers in future periods.

Other noncurrent assets include $17,011,000 resulting from the Authority's prepayment to New York State Electric & Gas Corporation for the use of substation facilities related to the Authority's Marcy-South Transmission Line.

(7) Costs incurred by the Projects' Study Fund for preliminary investigations of a project are transferred to utility plant upon the specification of a project under the General Purpose Bond Resolution (Resolution) (see Note C). If the study does not result in a project, the costs are charged as an expense to net revenues in the period such determination is made.

(8) Debt discount and expense are amortized over the lives of the related debt issues on a straight-line basis.

(9) In accordance with the Resolution, upon completion or the latest estimated date of completion of each project, whichever is earlier, all revenues received from such project are required to be paid into the Revenue Fund.

(10) Funds required for all bond service payments due under the Resolution are payable on July 1 and January 1 and are made available to the Bond Trustee on the immediately preceding June 30 and December 31, by which dates such amounts are segregated for that purpose.

Accordingly, at December 31, 1994, no liability is reflected in the accompanying financial statements for bond service payments of $146,476,000 due on January 1, 1995.

(11) Sales and purchases of power between the Authority's facilities are eliminated from revenues and operating expenses.

(12) Revenues are recorded when billed. Customers' meters are read, and bills are rendered monthly. Through June 1994, an energy adjustment clause was utilized to recover energy costs in excess of base rates, on a short-term basis, from Southeast New York governmental customers. In July 1994, the Authority adopted a stabilized energy charge for such customers which will be reviewed periodically, taking into consideration projected energy costs and rates. Utilizing this mechanism, energy costs are charged to expense as incurred.

Note C - General Purpose Bond Resolution

The Resolution, adopted on November 26, 1974, as amended and supplemented, covers all of the Authority's projects, which it defines as any project of the Authority directly or indirectly related to power generation or transmission, whether owned jointly or singly by the Authority, including any output in which the Authority has an interest, authorized by the Act and specified in a supplemental resolution adopted at the time a series of bonds is authorized. Before bonds are issued for any new project, a prescribed earnings test must be met based on estimated revenues and operating expenses certified by an independent engineer. A Projects' Study Fund was established by the Resolution to finance preliminary efforts of the Authority to determine appropriate methods to fulfill its purposes under the Act.

The Authority has covenanted with bondholders that at all times rates and charges will be sufficient, together with other monies available therefor, to meet the financial requirements of the Resolution. Revenues from all completed projects of the Authority (after deductions for operating expenses, including necessary working capital reserves, and Projects' Study) are applied first to the payment of bond service (interest and principal installments due on outstanding bonds). Then a sum equal to 15 percent of the amount allocated to bond service is set aside in a bond reserve account, and any remaining revenues are deposited in a general reserve account. Amounts in the bond reserve account are to be used to meet any deficiency in the bond service account and, to the extent not required to make good any such deficiency, may, at the direction of the Authority, be paid to it for application to the cost of construction of any project.

The Resolution also provides for the retirement of bonds from amounts in the bond reserve account in excess of the bond reserve requirement. The Authority has periodically purchased such bonds when available at favorable prices.

Amounts in the general reserve account not needed to meet any deficiency in the bond service or bond reserve accounts may be applied to specific Authority purposes, including emergency repairs and replacements, project improvements and extensions, and reserves for the retirement, decommissioning or disposal of project facilities. Amounts in the general reserve account not required for such purposes shall, at the Authority's direction, be paid to it for any lawful corporate purpose.

The Authority makes open-market purchases of its general purpose bonds from available general reserve account funds paid to it for that purpose. These bonds are acquired, to the extent necessary to meet bond reserve fund call requirements, by the Bond Trustee by November 15 of each year with monies available in the bond reserve account. During the year 1994, $2,700,000 general purpose bonds were purchased by the general reserve account to meet such call requirements.

Note D - Cash and Investments

Investment of the Authority's funds is administered in accordance with the applicable provisions of the Resolution and with the Authority's investment guidelines adopted pursuant to Section 2925 of the Public Authorities Law. These guidelines comply with the New York State Comptroller's investment guidelines for public authorities. The Authority's investments have been restricted to (a) collateralized certificates of deposit, (b) obligations of the U.S. Government, its agencies and instrumentalities and agreements for the repurchase of such obligations, and (c) direct and general obligations of any state or political subdivision, provided that such obligations were rated in either of the two highest rating categories by two nationally recognized bond-rating agencies. All investments are held by designated custodians in the name of the Authority. Securities that are the subject of repurchase agreements must have a market value at least equal to the cost of the investment, and the agreements are limited to a maximum fixed term of five business days. At December 31, 1994, the Authority had investments in repurchase agreements of $51,500,000. At December 31, 1994, the Balance Sheet reflected cash in the Restricted Funds, Construction Funds and Current Assets of $5,654,000. The bank balances were

$9,751,000, of which $435,000 was covered by Federal depository insurance and $9,316,000 was uninsured. The uninsured balance relates primarily to amounts in checking accounts for which checks have been issued but have not yet cleared.

The Authority adopted the provisions of Financial Accounting Standards Board Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities," effective as of January 1, 1994. In accordance with this Statement, the Authority's investments have been classified as "available-for-sale." The opening balance of Accumulated Net Revenues Employed in the Business was increased to reflect unrealized holding gains of $50,285,000 on securities held in the Operating and General Funds as of January 1, 1994. Net unrealized holding gains and losses on the Authority's securities included in current assets, restricted funds and unexpended funds on completed projects within the construction fund for the year ended December 31, 1994, are included as an adjustment to Accumulated Net Revenues Employed in the Business.

The following is a summary of available-for-sale securities included in current assets ($499,803,000), restricted funds ($520,240,000) and unexpended funds on completed projects within the construction fund ($40,702,000) at December 31, 1994:

(In Thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasuries	$ 302,925	$ 5,006	$ (9,450)	$ 298,481
Municipal bonds and State & Local Govt. Securities	62,117	1,820	0	63,937
GNMA	62,278	393	(1,789)	60,882
Project loans	116,857	2,438	(6,895)	112,400
U.S. Government Agencies	489,535	1,350	(32,021)	458,864
Repurchase agreements	51,500	0	0	51,500
Shipping bonds	17,198	0	(2,517)	14,681
	$1,102,410	$11,007	$(52,672)	$1,060,745

Realized gains of $5,102,000 and realized losses of ($7,790,000) on the sales of investments in these funds were recognized as investment income in 1994.

The following is a summary of unexpended borrowed funds for projects in progress included in the Construction Fund at December 31, 1994:

(In Thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasuries	$ 110,771	$ 59	$(2,464)	$ 108,366
GNMA	2,861	0	(87)	2,774
U.S. Government Agencies	70,611	0	(2,825)	67,786
	$ 184,243	$ 59	$(5,376)	$ 178,926

Unrealized gains and losses (as indicated above) and realized gains of $343,000 and losses of ($2,499,000) for investments in these funds were reflected as an adjustment to construction work in progress.

The cost and estimated fair value of these investments, by contractual maturity, are shown below. Actual maturities are likely to differ from contractual maturities since issuers of certain securities have the right to prepay obligations without penalty.

(In Thousands)	Cost	Estimated Fair Value
Due in one year or less	$ 181,114	$ 182,199
Due after one year through five years	609,059	581,243
Due after five years through ten years	376,311	359,188
Due after ten years	120,169	117,041
	$1,286,653	$1,239,671

The Authority holds a small position in securities which are considered derivatives under Governmental Accounting Standards Board Technical Bulletin 94-1. All such holdings have been purchased subject to and in accordance with Section 2925 of the Public Authorities Law and as allowed under the Resolution. These holdings include Collateralized Mortgage Obligations (CMOs) and floating rate securities which were purchased to meet cash flow requirements. The Authority does not engage in securities lending or reverse repurchase agreements.

The estimated fair value of the Authority's holdings of CMOs and floating rate securities totaled $37,493,000 and $61,245,000, respectively. The par value of the CMOs at December 31, 1994, was $39,061,000 and the yield on floating rate securities ranged from 4.62 percent to 8.46 percent. All securities in these categories are backed by the full faith and credit of the United States government.

CMOs are subject to prepayment risk generally caused by a decline in interest rates and floating rate securities reset periodically based on changes in interest rates. None of these holdings are needed to meet current liquidity requirements.

During the year, the Authority entered into three Forward Supply Agreements against its refunding escrows for Series N, U, and V. These Agreements are considered derivative products.

Refunding escrows are established with proceeds from the sale of Bonds and contain Treasury securities, the cash flows of which are used to meet the interest and principal payments due on the refunded bonds. Each of these escrows contained Treasury securities that matured shortly before the date needed to meet the escrow requirements.

The escrow agreements allow for the reinvestment of monies from matured securities at the then-prevailing interest rate until the date needed. Earnings in excess of the escrow requirements are paid to the Authority.

The Forward Supply Agreements allowed the Authority to lock in the present value of the future earnings as an up-front cash payment. In addition, the Agreements eliminated the administrative burden and legal costs associated with the reinvestment of escrow securities. Under these agreements, during 1994 the Authority received cash payments totaling $7,400,000 (included in investment income) in exchange for future cash flows on escrowed funds.

Note E - Pension Plans, Other Retirement Benefits

Pension Plans:

Substantially all employees of the Authority are members of the New York State and Local Employees Retirement System

(System), which is a cost-sharing, multiple-public-employer retirement system. The System offers plans and benefits related to years of service and final average salary, and all benefits generally vest after 10 years of accredited service.

For personnel who became members of the System prior to July 27, 1976, the Authority contributes the entire amount determined by the System to be payable. Gross salaries, for Federal income tax purposes, of personnel who joined the System after July 27, 1976, are reduced by 3 percent. The aggregate amount of these reductions, together with any balance payable to the System, is contributed to the System by the Authority. The Authority's employees are also covered by Social Security.

Payroll for the Authority's employees covered by the System for the year 1994 was $206,420,000; the Authority's total payroll was $214,108,000. The Authority's contributions to the System are paid in December of each year on the basis of the Authority's estimated salaries for the System's fiscal year ending the following March 31. Contributions are made in accordance with funding requirements determined by the actuary of the System.

Legislation enacted in 1990 amending the New York State Retirement and Social Security Law required significant changes in the actuarial calculations made by the System. These changes included (a) adoption of a modified projected unit credit method effective for the System's fiscal year ended March 31, 1991, which replaced the aggregate cost method, and (b) use of a five-year actuarial smoothing method retroactive to the years ended March 31, 1990, and March 31, 1989, which replaced a four-year smoothing method. As a result of these changes, the Authority's contributions to the System through 1993 were significantly less than in years prior to 1990. In 1990, actions were commenced in New York State Supreme Court challenging the constitutionality of the 1990 legislation that changed the actuarial funding methods. In August 1992, the court granted summary judgment to the plaintiffs in these actions on the grounds that the challenged legislation was an unconstitutional attempt to divest public employees of a contract right to an independent trustee, the State Comptroller. On November 16, 1993, the New York State Court of Appeals affirmed this decision. The State Comptroller has implemented a plan that restores the aggregate cost method for the fiscal year ended March 31, 1995, with a cap on contribution rates for the first four years. Under this plan, the Authority's required contribution to the System was $2,617,000 for the year ended March 31, 1995 (paid on December 15, 1994). Contributions are expected to increase each year through March 31, 1999, at which time the aggregate cost method will be applied without a cap.

The Authority's pension cost for the year ended December 31, 1994, was $1,652,000, and a liability for pension costs in the amount of $15,071,000 is included in accounts payable and accrued liabilities at December 31, 1994. This liability consists of the Authority's unpaid contributions of $13,846,000 for the years ended March 31, 1988, and March 31, 1989, and a retirement incentive program obligation of $1,225,000. Under legislation enacted in 1989, at the Authority's option, the remaining balance for the years ended March 31, 1988, and March 31, 1989, may be paid in installments over the next 11 years.

The Pension Benefits Obligation (PBO) of credited projected benefits is a standardized disclosure measure of the actuarial present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The PBO is independent of the actuarial funding method used to determine contributions to the System. The System does not make separate PBO determinations for each individual employer. The PBO of credited projected benefits as reported by the System at March 31, 1994, for the System as a whole, determined through an actuarial valuation performed as of that date, was $49,879,000,000. The System's net assets available to pay benefits at that date were $50,835,000,000.

For additional detailed information concerning the System, refer to the State of New York Comprehensive Annual Financial Report of the Comptroller for the fiscal year ended March 31, 1994.

Postretirement Benefits:

The Authority provides certain health care and life insurance benefits for eligible retired employees and their dependents. Employees and their dependents become eligible for these benefits when the employee has 10 years of service and retires or dies while working for the Authority. Approximately 550 participants were eligible to receive these benefits at December 31, 1994. The cost of these benefits is charged to expense as paid, and totaled $1,577,000 for the year ended December 31, 1994. Effective January 1, 1994, the Authority began accruing the cost of unused sick leave payable upon retirement. In accordance with Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences," the accumulated cost of this benefit as of January 1, 1994, is reflected as an adjustment of $7,100,000 to the opening balance of Accumulated Net Revenues Employed in the Business.

Deferred Compensation and Savings Plans:

The Authority offers employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan permits participants to defer a portion of their salaries until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforseeable emergency. Amounts of compensation deferred and the related income remain the property of the Authority with participants' rights equal to those of general creditors in an amount equal to the fair market value of the deferred account of each participant. The fair market value of plan assets at December 31, 1994, of $7,131,000, is included in "Other Noncurrent Assets" on the Balance Sheet.

The Authority also offers salaried employees a savings plan created in accordance with Internal Revenue Code Section 401K. An independent trustee is responsible for the investment and management of plan assets under the direction of a committee of employees. The Authority matches employee contributions up to limits specified in the plan and such matching contributions totaled $2,841,000 for 1994.

Separation Compensation Plan:

The Authority's Board of Trustees approved a separation compensation plan on June 28, 1994. This plan authorized the payment of specified compensation to employees who accepted an offer of separation prior to December 31, 1994. The cost of this plan ($10,547,000), including severance pay and benefits, was charged to expense in 1994.

Note F - Long-Term Debt

A summary of general purpose bonds payable at December 31, 1994, follows:

		Amount	Maturity January 1	Interest Rate [a]	Earliest Redemption Date Prior to Maturity [b]
Series N	Term Bonds	$ 49,795,000	2018	6.00%	1/1/94
Series T	Term Bonds	50,000,000	2019	5.00%	1/1/96
	Serial Bonds	20,325,000	1996 to 1997	6.70% to 6.90%	
Series U	Term Bonds	58,070,000	2018	5.75%	1/1/96
	Serial Bonds	15,710,000	1996 to 1997	6.65% to 6.80%	
Series V	Term Bonds	32,630,000	2004	7.00%	1/1/98
	Term Bonds	72,560,000	2006	7.80%	
	Term Bonds	40,330,000	2007	7.875%	
	Term Bonds	90,060,000	2009	7.00%	
	Term Bonds	106,990,000	2013	7.875%	
	Term Bonds	145,005,000	2017	8.00%	
	Serial Bonds	162,350,000	1996 to 2003	6.75% to 7.60%	
Series W	Term Bonds	82,110,000	2008	6.50%	
	Serial Bonds	204,120,000	1996 to 2005	6.00% to 6.70%	
Series X	Serial Bonds	1,680,000	1996 to 1999	6.50% to 6.70%	1/1/98
Series Y	Term Bonds	47,775,000	2011	6.50%	1/1/2001
	Term Bonds	119,770,000	2018	6.75%	
	Term Bonds	45,385,000	2020	6.00%	
	Serial Bonds	89,740,000	1996 to 2007	5.75% to 6.25%	
Series Z [c]	Term Bonds	25,540,000	2012	6.625%	1/1/2002
	Term Bonds	117,240,000	2019	6.50%	
	Term Bonds	21,385,000	2020	5.50%	
	Serial Bonds	132,600,000	1996 to 2007	5.30% to 6.50%	
Series AA	Term Bonds	62,135,000	2012	6.375%	1/1/2002
	Term Bonds	81,360,000	2023	6.25%	
	Serial Bonds	91,610,000	1996 to 2007	5.00% to 6.30%	
Series BB	Serial Bonds	115,050,000	1996 to 2007	5.00% to 6.30%	1/1/2002
Series CC	Term Bonds	154,575,000	2014	5.00%	1/1/2003
	Term Bonds	192,300,000	2018	5.25%	
	Serial Bonds	782,815,000	1996 to 2011	3.40% to 5.125%	
		3,211,015,000 [d]			
Less: unamortized discount		62,473,000			
		3,148,542,000			
Less: due within one year		81,620,000			
		$3,066,922,000			

(a) Interest is payable semiannually on January 1 and July 1.

(b) Bonds are subject to redemption prior to maturity in whole or in part as provided in the supplemental resolutions authorizing the issuance of each series of bonds, beginning for each series on the date indicated, at principal amount or at various redemption prices according to the date of redemption, together with accrued interest to the redemption date. Annual maturities for the next five calendar years are as follows: 1995, $81,620,000; 1996, $86,070,000; 1997, $92,930,000; 1998, $100,615,000, and 1999, $154,690,000.

(c) In December 1991, in order to achieve debt service savings, the Authority issued $298,780,000 principal amount of General Purpose Bonds, Series Z, to refund previously issued bonds. A portion of the proceeds of this issue was used to establish an irrevocable escrow deposit in the amount of $54,288,000, which was invested in non-interest-bearing direct obligations of the United States of America and will be used to pay a portion of the principal and interest on Series Z Bonds maturing January 1, 2000.

(d) At December 31, 1994, the current market value of these bonds was approximately $3,106,965,000. Market values were obtained from a third party pricing service which utilized a matrix pricing model.

In prior years, the Authority defeased certain general purpose bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Authority's financial statements. At December 31, 1994, $1,662,375,000 of bonds outstanding are considered defeased.

Adjustable rate tender notes (Notes) outstanding at December 31, 1994, were:

Notes	Amount	Interest Rate at 12/31/94
Due March 1, 2007	$ 50,000,000	3.80%
Due March 1, 2016	75,000,000	3.80%
Due March 1, 2020	75,000,000	3.80%
Total	$200,000,000	

In accordance with the Adjustable Rate Tender Note Resolution adopted April 30, 1985 (Note Resolution), the Authority may designate a rate period of different duration, effective on any rate adjustment date. The Remarketing Agent appointed under the Note Resolution determines the rate for each rate period, which in the agent's opinion is the minimum rate necessary to remarket the Notes at par. The Notes may be tendered to the Authority by the holders on any adjustment date. The next rate adjustment date is March 1, 1995.

The Authority has entered into a revolving credit agreement (Agreement) with a syndicate of banks to provide a supporting line of credit. Under the Agreement, which terminates on January 31, 1996, the Authority may borrow up to $200,000,000 for the purpose of repaying, redeeming or purchasing the Notes or other bonds or notes of the Authority specified by the Authority from time to time by notice to the banks. The Agreement provides for interest on outstanding borrowings (none outstanding at December 31, 1994) at the agent bank's prime commercial lending rate as in effect from time to time or the Federal Funds Rate plus a percentage, whichever is higher, and for a fee on the unused portion of the commitment.

In accordance with the Note Resolution, a Note Debt Service Reserve account has been established in the amount of $20,000,000.

Note G - Short-Term Debt

Master Notes:
At December 31, 1994, the Authority had outstanding with a bank, under a $150,000,000 master note arrangement, $130,315,000 of short-term notes, payable on demand. Under the arrangement, the proceeds of the notes may be used to finance the costs of fuel and energy conservation programs and of construction of any project designated pursuant to the Resolution and the repayment of any obligations issued for such purposes. Interest is computed based on a rate adjusted weekly and applied to the daily principal amount outstanding. This master note arrangement expired on February 1, 1995, and, at that time, was extended to February 1, 2000.

The Authority has entered into a revolving credit agreement with a bank, terminating on March 31, 1996, providing a line of credit whereby the Authority may borrow up to $50,000,000 (none outstanding December 31, 1994) for corporate purposes, at the interest rate option specified by the Authority and for a fee on the unused portion of the commitment. At December 31, 1994, the Authority had $69,065,000 of master notes outstanding which are being used in connection with the implementation and financing of the Authority's energy conservation programs. The remaining $61,250,000 of master notes was issued in prior years to fund a portion of the construction cost of the Authority's small hydroelectric facilities. During 1994 the Authority issued and sold $10,000,000, and repaid $9,685,000 of master notes.

Commercial Paper:
On June 28, 1994, the Authority adopted the Commercial Paper Note Resolution which authorizes the issuance from time to time of separate series of notes maturing not more than 270 days from the dates of issue, up to a maximum amount outstanding at any time of $300,000,000. The proceeds of these notes shall be used to finance the Authority's current and future energy conservation programs and other corporate purposes, including refunding short-term notes. On July 15, 1994, the Authority issued and sold $50,000,000 of commercial paper notes which remained outstanding at December 31, 1994.

The Authority has entered into a revolving credit agreement with a syndicate of banks, terminating on July 13, 1997, to provide a line of credit. Under the revolving credit agreement, the Authority may initially borrow up to $150,000,000 (none outstanding December 31, 1994) with an option to increase the borrowing capacity to $300,000,000.

Note H - Nuclear Fuel Disposal

In accordance with the Nuclear Waste Policy Act of 1982, the Authority in June 1983 entered into a contract with the DOE, under which DOE, commencing not later than January 31, 1998, would accept and dispose of spent nuclear fuel. However, it appears unlikely that DOE will accept any Authority spent nuclear fuel before 2010. The contract provides that the Authority will pay quarterly to DOE a fee based on nuclear generation and sales of electricity at a specified rate from April 7, 1983.

In addition, the contract requires the payment to DOE of a onetime fee relating to spent nuclear fuel discharged prior to April 7, 1983, and for in-core spent fuel on that day. As permitted by the contract, the Authority presently intends to pay this onetime fee of $58,710,000, together with interest accrued thereon from April 7, 1983, when the Authority first ships spent nuclear fuel to an approved DOE disposal facility. As of December 31, 1994, the liability to DOE related to the onetime fee, including accrued interest from April 7, 1983, totaled $125,618,000.

Note I - Nuclear Plant Decommissioning

In 1988 the Nuclear Regulatory Commission (NRC) issued decommissioning rules requiring reactor operators to certify that sufficient funds, in amounts not less than certain prescribed minimums that for the Authority would amount to $375,000,000 and $400,000,000, in 1994 dollars, for the Indian Point 3 and FitzPatrick nuclear plants, respectively, will be available for decommissioning. These amounts represent only the decontamination portion of the total cost and exclude the cost of demolition and site restoration. These funds may be in the form of prepayments or external sinking funds, either of which must be segregated from the licensee's assets and outside of its administrative control. The Authority has established a decommissioning trust fund for each of its nuclear plants and anticipates that sufficient funds will be available in accordance with the NRC decommissioning rules to decommission the nuclear plants at the end of their useful lives. Although the Authority is contributing to the decommissioning trust based on NRC-prescribed minimums, the annual provision for decommissioning is based on the estimated total cost, including demolition and site restoration, adjusted for the actual yield on decommissioning trust fund investments. The Balance Sheet includes a liability of $307,044,000 for decommissioning.

Investments, classified as available-for-sale, in the decommissioning trust funds at December 31, 1994, are summarized as follows:

(In Thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Corporate Bonds	$ 40,873	$ 192	$(1,058)	$ 40,007
U.S. Treasuries	83,924	69	(1,081)	82,912
U.S. Government Agencies	58,439	57	(1,205)	57,291
Foreign bonds	19,916	14	(1,589)	18,341
Private placements	14,066	11	(667)	13,410
Short-term, cash and cash equivalents	35,268	20	0	35,288
Other	507	0	(2)	505
	$ 252,993	$ 363	$(5,602)	$ 247,754

Unrealized gains and losses (as indicated above) and realized gains of $20,886,000 and losses of ($33,855,000) on these investments have been reflected as an adjustment to the liability for nuclear plant decommissioning.

The cost and estimated fair value of these investments, by contractual maturity, are shown below. Actual maturities are likely to differ from contractual maturities since the issuers of certain securities have the right to prepay obligations without penalty.

(In Thousands)	Cost	Estimated Fair Value
Due in one year or less	$ 37,474	$ 37,604
Due after one year through five years	88,584	86,551
Due after five years through ten years	33,538	32,591
Due after ten years	93,397	91,008
	$ 252,993	$ 247,754

The Authority's nuclear decommissioning funds are held in trust and are managed by two professional investment management firms. The trust allows for investment in a broad range of government, corporate, and foreign securities rated AA or better and permits the use of futures and foreign currency contracts.

The allowable investments include a number of different types of derivative securities which may be purchased to increase yield, control risk, and hedge currency fluctuations. At December 31, 1994, the decommissioning trust funds had approximately 8 percent of their holdings in Collateralized Mortgage Obligations and about 10 percent in Treasury Bond Futures. The fair value of such investments was $12,983,000 and $504,000, respectively. The par value of the CMOs and the Treasury Bond Futures at December 31, 1994, was $13,441,000 and $500,000, respectively. During the year, the funds held amounts up to 5 percent of their value in forward foreign currrency contracts. The investment managers may use Treasury Bond Futures to increase or decrease the duration of the portfolio and their use is limited to 10 percent of the market value of the portfolio. The trust funds may invest up to 20 percent of their market value in foreign currency denominated bonds. The trust fund managers are required to use forward foreign currency contracts to lock in the expected yield on the amounts that exceed 5 percent of the market value of the fund. There were no open foreign currency exchange contracts at December 31, 1994.

Note J - Commitments and Contingencies

(1) Recent legislation, including the Energy Act, coupled with increasing customer demand for lower-priced electricity, is generally expected to stimulate greater competition in both the wholesale and retail electricity markets. These competitive pressures may create opportunities to compete for new customers and revenues, as well as increase risk which could lead to the loss of customers.

(2) In return for the use of certain substation facilities related to the Authority's Marcy-South Transmission Line, the Authority is committed to pay three New York State utilities approximately $23,000,000 annually through 1996, $17,000,000 in 1997, and $7,000,000 in 1998. The Authority has entered into a long-term contract under which it is obligated to purchase approximately 10.75 billion cubic feet of natural gas annually through the year 2014, or pay a penalty on the unused volumes. Based on minimum payment obligations in the contract, the Authority will pay an average annual amount for gas purchased under the contract of approximately $39,750,000 through the year 2002. Thereafter, the price for gas under the contract will be set at 10 percent above the spot market price.

(3) There are actions, proceedings and matters pending before Federal and State courts and agencies involving certain Authority projects, the title to land occupied by such projects and rates for the sale of power which may result in impeding the operations of such projects and may require the Authority to incur substantial additional costs or revenue reductions. While the ultimate outcome of these matters is not presently determinable, the Authority's general counsel believes that the Authority has meritorious positions, which have or will be asserted in these matters.

(4) Under provisions of the Federal Price-Anderson Act, the overall maximum public liability for a single nuclear incident is limited to approximately $8,900,000,000. Coverage for the first $200,000,000 of such liability is provided by private insurance. In the event that public liability from an insured nuclear incident were to exceed $200,000,000, the Authority would be subject to a pro rata assessment of up to $79,275,000, in addition to inflation adjustments thereon, for each reactor owned, with a yearly assessment no greater than $10,000,000 per incident per reactor owned.

(5) In addition to the liability insurance required by the Federal Price-Anderson Act, the NRC requires each licensee to carry decontamination liability and excess property damage insurance in the aggregate minimum amount of $1,060,000,000 for each reactor site. The Authority has such coverage in force. The Authority expects that, effective March 1, 1995, a $500,000,000 primary portion of this insurance will be provided by the Nuclear Mutual Limited (a company that provides decontamination and property insurance to owners of domestic nuclear power plants), with the remaining $560,000,000 of this insurance provided by the Nuclear Electric Insurance Limited (NEIL) (a company that provides decontamination and excess property damage insurance to owners of domestic nuclear power plants). In the event there is a covered loss at any of the member group's nuclear facilities that exceeds insurance funds available, the Authority could be subject to retrospective premium assessments for both its reactors during any one policy year, based on a multiple of the annual premium. As of December 31, 1994, the Authority could be liable under the NEIL insurance arrangement for a maximum assessment of approximately $12,000,000 during any one policy year.

(6) Shoreham and Long Island Matters:

After the Governor of New York and the president of Long Island Lighting Company (LILCO) signed a settlement agreement in 1989 for the closing of the Shoreham nuclear power plant, the Long Island Power Authority (LIPA) and LILCO entered into agreements providing for the transfer of Shoreham to LIPA, which was accomplished in June 1992, and for its decommissioning by LIPA at LILCO's expense with the Authority's assistance. In January 1990, the Authority entered into a management services agreement with LIPA to provide LIPA with managerial and technical assistance under which the Authority, consistent with a legislative directive enacted in July 1989, will be reimbursed by LIPA (and ultimately LILCO) for all costs related to the decommissioning of Shoreham and its interim maintenance (excluding any costs arising from gross negligence or willful misconduct). The decommissioning of Shoreham was completed in 1994. The NRC will continue to oversee the facility until early spring 1995, when Shoreham's operating license is expected to be terminated.

The Authority's Flynn combined-cycle generating plant (Flynn) and Long Island Sound transmission facility (LISC) were constructed to provide utility services on Long Island. Currently, LILCO is the sole customer with contracts to purchase electricity and transmission services provided by these facilities. The net book values of these facilities at December 31, 1994, were $125,184,000 for Flynn and $261,887,000 for the LISC, respectively.

(7) Nuclear plant matters:

On June 22, 1993, the NRC informed the Authority that the Indian Point 3 nuclear plant had been put on its list of facilities "requiring close monitoring" involving increased NRC attention and oversight due to declining performance in various areas and deficiencies discovered by an NRC inspection team. Indian Point 3 had previously been taken out of service on February 27, 1993, to address the concerns raised by the NRC's evaluation and to perform work scheduled to be performed in a May 1993 outage. Management has postponed the plant's return to service until it is satisfied that the plant is ready for restart and approval is received from the NRC. Management expects the Authority's corrective actions and the NRC evaluation process to be resolved in the spring of 1995, at which time the plant is expected to resume normal operations. The plant had a net book value of $598,575,000 at December 31, 1994.

report of
INDEPENDENT ACCOUNTANTS

Power Authority of the State of New York
New York, New York

We have audited the accompanying balance sheet of the Power Authority of the State of New York as of December 31, 1994, and the related statements of net revenues and accumulated net revenues employed in the business and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Power Authority of the State of New York as of December 31, 1994, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

As discussed in Notes D and E to the financial statements, the Authority changed its methods of accounting for certain investments in debt and equity securities and for compensated absences effective January 1, 1994.

In accordance with Government Auditing Standards, we have also issued a report dated February 17, 1995, on our consideration of the Authority's internal control structure and a report dated February 17, 1995, on its compliance with laws and regulations.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The summary of funds (cash basis) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Coopers & Lybrand L.L.P.

New York, New York
February 17, 1995

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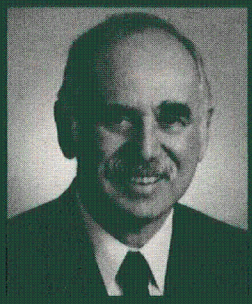

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